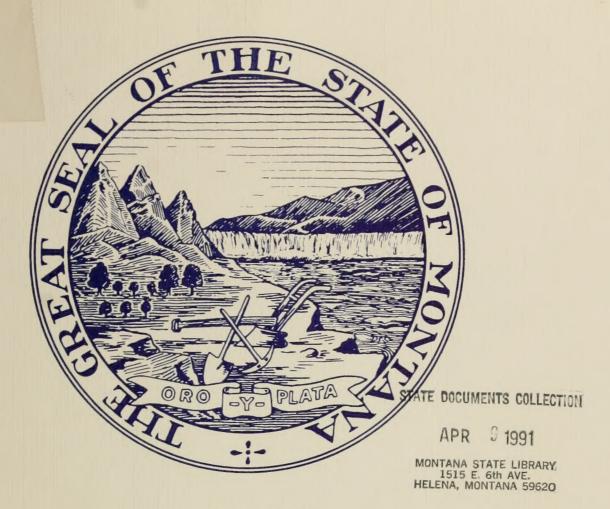
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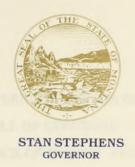
Governor's Executive Budget

Fiscal Years 1992-1993

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Stan Stephens, Governor State of Montana





State of Montana Office of the Covernor Gelena, Montana 59620 406-444-3111

December 1, 1990

MEMBERS OF THE FIFTY-SECOND LEGISLATIVE ASSEMBLY:

In accordance with Article VI, Section 9, of the Constitution of Montana and Title 17, Chapter 7, Part 1, Montana Code Annotated, I am submitting to you my Executive Budget recommendations which set forth a balanced financial plan for state government for the FY92-93 biennium.

This proposed Executive Budget is a reflection of my commitment to the well-being of the citizens of Montana. Clear priorities in the budget include a commitment to improve and repair local government infrastructure through the Big Sky Dividend Program, the preservation, protection and development of Montana's natural resources, increased funding for human and family services, increased resources for the criminal justice system, and the reorganization and consolidation of state government functions to provide the most effective services in the most efficient manner.

I offer you the cooperation and assistance of my office and the executive branch agencies as you proceed with your deliberations.

STAN STEPHENS Governor

Sincerely.

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EXECUTIVE BUDGET OVERVIEW

Budget Objectives

The 1993 Biennium Executive Budget was developed with a commitment to efficient management and fiscal responsibility. Specific budget objectives included the following:

- 1. Balancing the FY92-93 budget in a manner that provides priority and essential services to citizens of the state without increasing taxes.
- 2. Adequately funding services that are critical to all Montanans while reducing or eliminating lower priority programs.
- 3. Reviewing and designing the delivery of services based on a comparison of priority needs versus the traditional approach of funding previously-funded programs.
- 4. Privatization of government services when the private sector can more appropriately provide the same quality of service at a lower cost to Montana's taxpayers.
- 5. Providing and enhancing programs that foster economic growth for Montana.

General Fund Status

The Executive Budget presents a balanced financial plan with only a 3.2% difference between general fund revenues and general fund expenditures over both years of the biennium. The Executive Budget recommends a general fund ending balance of \$38.3 million at the end of FY93. This ending fund balance is considerably higher than the \$16.7 million recommended in then Governor Schwinden's last executive budget and the \$26.2 million projected for the current biennium by the last legislature. The recommended ending fund balance represents 3.2% of the recommended biennial expenditures. An ending fund balance of \$38.3 million is a prudent recommendation given the volatility of oil prices, the general fund exposure as a result of school equalization, and the level of general fund expenditures.

Full-Time Equivalent (FTE) Positions in State Government

The Executive Budget reflects the Governor's commitment to reducing the size of state government. The recommended FTE levels for state government in FY92 and FY93 are 283.37 and 325.48 FTE below the current actual FY91 FTE levels.

An even more dramatic reduction is recommended when comparing those agencies that report to the Governor. For all agencies reporting to the Governor, the recommended FTE levels in FY92 and FY93 are 335.81 and 388.20 FTE below the current actual FY91 levels for those same agencies. The reductions recommended are possible because of executive initiatives including internal restructuring, reorganizations, privatization, operating efficiencies, program reductions, and program eliminations.

Budget Initiatives

Big Sky Dividend Program

The Executive Budget anticipates implementing the Administration's Big Sky Dividend Program. This program would invest \$20 million per year out of future coal tax revenues (less than 50 percent of the projected revenue) to improve Montana's public infrastructure and would provide seed money for needed capital improvements at the local government level. This money, which otherwise would be destined for the \$447 million Permanent Coal Tax Trust Fund, will instead be invested in Montana communities. The annual revenue will be leveraged against public and private funds which can be applied to improving local water and sewer systems, solid waste disposal systems, transportation facilities, environmental cleanup, and other needed public works projects.

The goals of the Big Sky Dividend program are:

1. To protect and enhance our quality of life

2. To create new jobs

3. To promote long-term, stable economic growth

4. To save future generations from ever increasing fiscal burdens

5. To augment and complement existing economic development programs.

Montana University System

The Executive Budget recommends the adoption of two annual lump sum appropriations to the Board of Regents for the six units of the university system and for the five vocational-technical centers. Lump sum appropriations will allow the Board of Regents considerable additional flexibility in managing system resources and implementing programmatic changes which are responsive to system priorities, statewide policy objectives, and budgetary constraints.

The Executive Budget includes funding for the Regents Employee Reporting System (RERS) which is being developed as a result of HB26 passed by the Fifty-first Legislative Session. The RERS will improve the understanding and accountability of the campus/center budgets by the establishment of a system-wide information base for employee and budget information. The information contained in RERS will be used by the OBPP, the LFA, and the Commissioner of Higher Education to monitor personal services budgets, develop budget guidelines, and perform analysis as necessary.

In addition to funding for RERS and inflationary and other adjustments, the Executive Budget recommends that funding for the six units of the university system be increased by \$8 million over the FY92-93 biennium to be used for regent-identified priorities and objectives.

The Governor proposes a Long Range Building Program which includes \$13.6 million in the capital projects fund and \$39.5 million in the bonded program for repair, improvements, and new construction of facilities under the Board of Regents including the construction of a Engineering Physical Sciences building at MSU and a Business Administration building at UM.

Reorganizations

The Executive Budget incorporates the following reorganization proposals:

- 1. Department of Transportation--The budget reflects a Department of Transportation (DOT) that is responsible for planning, developing, and maintaining a multi-modal transportation system within the State of Montana. The DOT will create the structure and opportunity for comprehensive transportation planning by uniting functions previously scattered throughout state government. Addressing the unique transportation needs of each sector of Montana's transportation industry (air, road and rail) will be the first priority of the DOT. By making comprehensive transportation planning possible, the DOT will create additional transportation benefits for Montanans. These benefits include enhanced public service and convenience by providing "one-stop shopping" for commercial permits, fees, taxes, and registrations. The consolidation of transportation services will also result in reduced costs, fewer employees, and added efficiency.
- Natural Resource Agencies.-The Executive Budget reflects the Administration's proposed reorganization of the natural resource agencies. The reorganization restructures the Department of State Lands, the Department of Natural Resources, and the Department of Health and Environmental Sciences to create a Department of Public Health, a Department of Natural Resources and Environment, and a Department of State Lands. In addition, the responsibility for 19 Department of Fish, Wildlife, and Parks state-owned dams is transferred to the Department of State Lands. The proposed reorganization places most major environmental permitting functions in one agency, thus reducing the number of contacts necessary and decision bodies involved in granting approval to major projects or developments in the state. Consolidating state permitting responsibilities in one agency will set the stage for eventual changes to accommodate a comprehensive one-stop permitting process with uniform rules and time frames. The proposed reorganization will also centralize state-owned resource management functions in the Department of State Lands. This movement will virtually eliminate any potential conflicts of interest regarding agencies having both management and regulatory control over certain state-owned resources.
- Closure of Galen Campus at Montana State Hospital.-The Executive Budget reflects the proposed closure of the Galen Campus at Montana State Hospital. The Galen Campus is recommended for closure for three basic reasons:

1. Under-utilization of the acute care unit and the intermediate care facility.

The availability of appropriate patient care at other state and private facilities, in some cases more appropriate for the patients' needs.

3. Inefficient, out-dated, and under-utilized infrastructure at the Galen Campus.

While the Executive Budget anticipates the closure of the Galen Campus, it also includes the funding to provide necessary services in other settings. The recommended closure of the Galen Campus will provide a biennial net general fund savings to the state of over \$6 million. The size of state government will be reduced by 185 full-time equivalent positions as a result of the closure.

4. Consolidation of Fire Services--The Executive Budget includes the consolidation of fire services previously provided by the Department of State Lands and the Fire Services Training School. The consolidation of these functions under the Fire Management Program at the Department of State Lands will improve services and efficiency and will reduce current FTE levels and general fund support.

Human Services

Kids Count

The Executive Budget recommends a "Kids Count" initiative which will focus 1993 biennium programs in the Departments of Social and Rehabilitation Services and Public Health on enhanced health care for children and pregnant women. Key to this initiative is its emphasis on prenatal care, early intervention, and well-child care. Increased medicaid rates for obstetric, gynecologic, and pediatric services, which are recommended in the SRS budget, will improve access to required care for children and pregnant women. Recommended increases in programs related to Early and Periodic Screening, Diagnosis and Treatment, children's dental services, early intervention for developmentally disabled and developmentally delayed children, and state-wide educational programs for low-income mothers are included. Although immediate direct benefits to individuals will be provided, the major effect of Kids Count is expected to be in the long-term improvement of the quality of life and a reduction in the high cost of unnecessary high-risk birth and potential life-long institutionalization.

Developmental Disabilities Services System (DDSS)

During FY90 the Governor appointed an interagency task force to review Montana plans for services to the developmentally disabled. The Departments of Institutions, Social and Rehabilitation Services, Family Services and Public Health are the major agencies involved in the task force. This review was made urgent with the threat of loss of federal reimbursement to the general fund for operations of the Montana Developmental Center (MDC) and Eastmont Human Services Center (EHSC), plus successful court petitions of six MDC residents to be placed in less restrictive, community-based treatment environments.

A result of the review was the plan to place a number of individuals in more appropriate community-based settings under the medicaid Home and Community Based (HCB) waiver program. A four phase plan was established and, due to the imminent threat of general fund loss amounting to approximately \$8 million of federal medicaid reimbursement, and the active court cases, the first three phases were implemented during the 1991 biennium. Phase I was the placement of six individuals from MDC into a community-based setting under the HCB waiver in the DD program. Phase II was the placement of an additional 18 individuals from MDC into the HCB waiver program. Phase III was the provision of 30 of the 52 slots in the SSSO, which had been approved by the 1989 Legislature, for placement of additional inappropriately-placed residents of MDC and EHSC.

Phase IV is presentation to the 1991 Legislature of continuing plans for modification of the entire Montana Developmental Disabilities Service System (MDDSS). This phase includes: (1) provision of 60 additional community placements, comprised of 30 individuals from MDC and 30 from the community waiting list; (2) an additional ten youth placed in community-based settings, under the medicaid HCB waiver program, in part to reduce costly out-of-state care; and, (3) the consolidation of the campus at MDC to more efficiently and economically meet the needs of 110 residents. In general, impacts of this plan will cause: (1) an increase in SRS obligations to develop additional community-based service under the medicaid HCB waiver, (2) an increase in DFS case management resources and responsibilities, and an increase in DFS payments for state supplements to Social Security Income (SSI), and (3) a specialization of services and resulting decrease in the residential population at MDC.

Youth Psychiatric Services

The Executive Budget recommends a transfer of the general fund portion of the current in-patient youth psychiatric medicaid program from the Department of Social and Rehabilitation Services to the Department of Family Services and a general fund increase for residential youth psychiatric programs in the Department of Family Services. DFS will utilize the general fund to begin developing a complete continuum of care for youth psychiatric programs which will include in-home, community-based, residential and in-patient hospital services. In addition, the executive budget recommends increasing the resources available to DFS by the addition of 21.00 FTE.

Privatization

The Executive Budget recommends the transfer of functions from state government to the private sector in those cases where the function can be appropriately transferred while maintaining or improving the quality of service at a reduced cost to the taxpayers of Montana. Specific major initiatives recommended include:

Janitorial services provided by the Department of Administration.
 Data entry services provided by the Department of Administration.

3. Security services for the capitol complex.

4. Retail liquor services provided by the Department of Revenue.

The privatization initiatives incorporated in the Executive Budget provide biennial net savings to the state and the taxpayers of over \$600,000 and a reduction in the size of state government by 90.00 full-time equivalent positions by the end of FY93.

State Parks

The State Parks Future Committee was appointed by the director of the Department of Fish, Wildlife and Parks with the concurrence of the Governor and legislative leaders. The committee's charge was to make recommendations concerning the appropriate role, priorities, and funding for state parks. The committee conducted hearings throughout the state to solicit public opinion and toured many state parks to see first hand the conditions, operations, funding, and staffing. The committee found the state park system in a deteriorated condition due to long-term inadequate funding for proper operations, maintenance, and development.

The Executive Budget recommends a \$1.5 million biennial increase in general fund dedicated to parks protection and improvement. This commitment of general fund is a solid step towards restoring state parks to a level that will be a benefit to all Montanans.

Corrections System

Correctional system overcrowding has been at a crisis level in Montana for several years. An analysis of the factors affecting correctional population growth indicates that no decline in growth can be expected in the near future. The Executive Budget includes recommendations dealing with both prison housing and alternative placements. The executive recommends the construction of a new Women's Correction Center, and attempts are being made to accomplish this through the use of private or other public resources. The Long-Range Building Program includes a recommendation to construct additional support facilities and two high-security housing units on the Montana State Prison campus. Construction of these units will require bonding of \$19.4 million. In addition to construction, the Executive Budget recommends expanded community alternatives to assist the overcrowding problems. Specific recommendations include:

1. Expansion of the Intensive Supervision Program.

2. Jail placement as a graduated sanction to serve as an alternative to incarceration.

3. Expansion of current pre-release centers and the creation of an additional pre-release center.

4. Creation and funding of additional house arrest slots for convicted misdemeanants.

5. Establishment of targeted case managers to assist in the preparation of institutional treatment plans, parole plans, and scheduling of treatment and parole hearings.

Natural Resource Damage Assessment (Clark Fork Basin)

The Executive Budget recommends that \$1 million per year of general fund be appropriated to prepare for the Clark Fork Basin natural resource damage litigation. The litigation requires the preparation of a natural resource damage assessment which will estimate the economic damages caused by injuries to natural resources from the release of hazardous wastes. The Governor's Office is coordinating state efforts, which include the Departments of Natural Resources and the Environment, State Lands, and Fish, Wildlife and Parks. The \$1 million per year will be used to contract for the necessary scientific, economic, and legal expertise to prepare the natural resource damage assessment and legal case.

Trust Land Management and Recreational Access

The Executive Budget recommends replacing general fund with trust income for all Department of State Lands functions related to the management of trust lands. This recommendation transfers \$6.78 million of appropriation authority from general fund to trust income. The Executive Budget recommends financing trust land management activities with trust income because it is customary for governmental and private trusts to finance management of these trusts with a portion of the earnings generated. In ten other western states, which have similar federally-provided school land trusts, the trust revenues are used to finance trust management activities.

The Executive Budget also recognizes that Montana's trust lands could produce greater long-term revenues to the trusts. The budget includes 9.75 positions to enhance the management of trust lands and to increase trust income from federal farm programs.

The Executive Budget also includes \$300,000 general fund for an EIS to assess the social, economic, and environmental impacts of providing the public with recreational access to trust lands.

GENERAL FUND REVENUE ESTIMATES

General Fund Revenue Estimates Current Law Status (in Millions)

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Source of Revenue	Actual	Estimated	Estimated	Estimated	Estimated	
Individual Income Tax	FY 1990 \$159,443	FY 1991 \$151,730	FY 1992 \$311.176	FY 1993	FY 90-91 \$311.173	FY 92-93 \$638.377
				\$327.201		
Corporation Tax	48.243	44.861	56.083	55.409	93.104	111.492
Coal Severance Tax	10.445	7.672	5.940	5.711	18.117	11.651
Oil Severance Tax	14.510	19.147	20.947	17.476	33.657	38.423
Interest on Investments	25.870	16.583	14.299	11.818	42.453	26.117
Long-Range Bond Excess	46.169	43.234	8.829	8.645	89.403	17.474
Coal Trust Interest	44.830	40.247	41.849	43.481	85.077	85.330
Insurance Premiums Tax	19.446	20.025	20.645	22.248	39.471	42.893
Institutions Reimburse.	12.285	12.632	12.311	11.797	24.917	24.108
Liquor Profits	3.500	8.266	4.141	4.144	11.766	8.285
Liquor Excise Tax	5.428	5.526	5.548	5.571	10.954	11.119
Inheritance Tax	9.049	9.171	9.396	9.642	18.220	19.038
Metal Mines Tax	3.665	4.120	4.736	4.406	7.785	9.142
Electrical Energy Tax	4.101	4.449	4.498	4.579	8.550	9.077
Drivers' License Tax	0.863	0.799	0.800	0.801	1.662	1.601
Telephone License Tax	3.760	3.856	4.007	4.164	7.616	8.171
Beer License Tax	1.268	1.223	1.225	1.226	2.491	2.451
Natural Gas Severance Tax	1.057	1.469	1.740	2.019	2.526	3.759
Freight Line Tax	1.166	1.294	1.282	1.271	2.460	2.553
Wine Tax	0.832	0.816	0.784	0.754	1.648	1.538
Other Revenue Sources	32.031	35.552	35.622	36.468	67.583	72.090
Total Current Year	\$447.962	\$432.672	\$565.858	\$578.831	\$880.634	\$1,144.689
+ Prior Year	1.003					
Total Revenue	\$449.438					

GOVERNOR'S EXECUTIVE BUDGET PROPOSAL

Governor's Executive Budget Proposal Revenue Adjustments (in Millions)

	Actual	Estimated	Estimated	Estimated	i Estimate	d Estimated
Source of Revenue	PY 1990	FY 1991	FY 1992	FY 1993	FY 90-9	
Oil and Gas Incentives	\$0.000	\$0.000	(\$3.365)	(\$4.643)	\$0.000	(\$8.008)
Liquor Enterprise Transfer	0.000	0.000	0.000	4.000	0.000	\$4.000
Science and Tech Funding	0.000	0.000	(0.180)	(0.362)	0.000	(\$0.542)
Big Sky Dividend	0.000	0.000	(0.820)	(2.780)	0.000	(\$3.600)
Nursing Home Fee	0.000	0.000	0.000	2.200	0.000	\$2.200
Highway Patrol Retirement	0.000	0.000	0.430	0.000	0.000	\$0.430
Agriculture Fees	0.000	0.000	(0.521)	(0.521)	0.000	(\$1.042)
Institution Reimbursements	0.000	0.000	0.400	(0.800)	0.000	(\$0.400)
Retirement Income Taxation	0.000	0.000	11.600	11.600	0.000	\$23.200
Repeal Cement Tax	0.000	0.000	(0.132)	(0.132)	0.000	(\$0.264)
Total Adjustments	\$0.000	\$0.000	\$7.412	\$8.562	\$0.000	\$15.974
Total Plus Adjustments	\$449.438	\$432.672	\$573.270	\$587.393	880.634 \$1	,160.663

Revenue Adjustments

The following paragraphs describe each revenue adjustment proposed in the Governor's Executive Budget.

Oil and Gas Incentives

The executive budget proposes to reenact the tax incentives for oil and gas exploration and production that were repealed by executive order in August. A two-year severance tax holiday would be allowed for new production. Reduced severance tax rates would apply to stripper production.

Liquor Enterprise Transfer

The privatization of the state retail liquor operation is proposed within the Executive Budget. The initiative will release funds currently invested in liquor inventories. A one-time transfer of funds will result as the state liquor inventory is exhausted and not replaced.

Science and Technology Funding

A portion of the In-State Investment Fund is earmarked to fund the Science and Technology Program. Interest earnings on the fund will be lost as a result.

Big Sky Dividend Program

The executive budget proposal would create the Big Sky Dividend Program to provide funding for state and local infrastructure improvements. The program would be funded by capping the permanent coal trust fund creating a loss of investment earnings to the fund. This loss is partially offset by increased earnings on the treasurer's fund as the diverted amounts are invested until grants are let.

Nursing Home Fee

A \$1.00 per diem fee on each nursing home bed in the state is proposed to assist in funding the Department of Social and Rehabilitation Services.

Highway Patrol Retirement

The balance of the highway patrol retirement fund would be deposited to the general fund. Retirement obligations would be drawn from the general fund.

Agriculture Fees

Certain fees on agricultural activities are currently deposited in the general fund. These fees would be deposited to a state special revenue account to offset a portion of the costs of the Department of Agriculture.

Institutional Reimbursements

The basis for calculating institutional reimbursements would be updated.

Retirement Taxation

The executive budget proposes to tax all forms of retirement income equally. All retirement income of households with incomes in excess of \$25,000 would be taxed. Those with incomes less than \$25,000 would be allowed a \$3,600 retirement income exclusion. Since major classes of retirement income currently are not taxed, income tax revenues will increase. The executive budget presents a preliminary estimate of the amount of the increase. The estimate will be revised as more complete 1989 income tax information becomes available.

Repeal Cement Tax

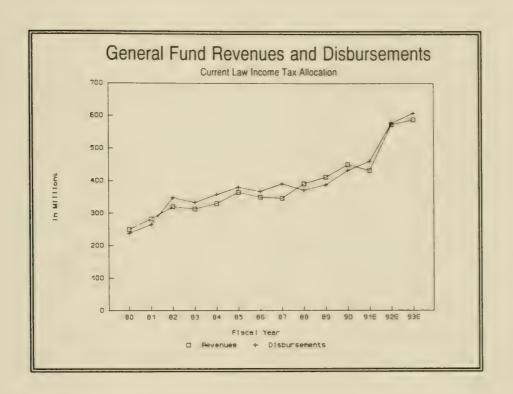
The Department of Revenue legislative package will include items to eliminate unnecessary requirements. Included in these is the repeal of the cement tax.

GENERAL FUND SUMMARY

Governor's Executive Budget Proposal (in Millions)						
	Actual FY90	Projected FY91	Projected FY92	Projected FY93		
Beginning Fund Balance	\$67.113	\$86.787	\$61.071	\$57.998		
Estimated Receipts	\$449.438	\$432.672	\$573.270	\$587.393		
Total Available	\$516.551	\$519.459	\$634.341	\$645.391		
Disbursements						
General Appropriation Act		\$404.605	\$431.038	\$437.004		
Foundation Program		0.000	112.655	128.189		
Property Tax Reimbursement		18.500	18.500	18.500		
Pay Plan		11.857	3.333	6.667		
Miscellaneous Appropriations		1.040				
Continuing Appropriations		3.352				
Legislative Feed Bill		4.400		5.000		
Supplemental Requests		15.641	10.445	12.152		
Debt Service		10.984	12.445			
Anticipated Reversions		-10.000	0.000	0.000		
Debt Service Reversions		0.000	-1.628	-1.399		
Total Disbursements	\$432.081	\$460.380	\$576.343	\$607.114		
GAAP Adjustments	\$2.317					
Residual Equity Transfer		\$1.992				
Ending Fund Balance	\$86.787	\$61.071	\$57.998	\$38.277		

GENERAL FUND REVENUE AND DISBURSEMENT SUMMARY

	Actual	Budgeted	Recor	nmended
	FY 1990	FY 1991	FY 1992	FY 1993
Legislative Auditor	\$1,024,930	\$1,119,316	\$1,292,963	\$1,286,355
Legislative Fiscal Analyst	716,021	978,351	814,162	861,915
Legislative Council	1,970,983	2,496,662	1,900,931	2,359,051
Legislature-Senate	270,835	174,379	0	(
Legislature-House	445,568	342,601	0	(
Environmental Quality Council	221,780	252,654	266,170	262,161
Judiciary	4,778,025	4,920,594	5,184,453	5,169,270
Governor's Office	2,501,609	2,717,171	3,659,264	3,548,231
Secretary of State	882,161	957,410	933,490	983,254
Commissioner of Political Prac.	106,111	114,139	113,645	115,390
State Auditors Office	2,425,460	2,254,036	2,506,710	2,425,553
Office of Public Instruction	45,056,328	45,085,298	45,316,335	45,259,174
Crime Control Division	409,615	448,480	483,360	510,876
Highway Traffic Safety	200,000	200,000	400,000	400,000
Justice	9,885,144	10,540,266	11,005,479	11,038,960
Public Service Commission	1,683,402	1,875,791	1,965,982	2,096,250
Board of Public Education	125,014	117,272	122,301	122,130
Commissioner of Higher Ed.	103,494,329	112,082,681	119,027,505	118,444,50
School For The Deaf & Blind	2,367,325	2,536,102	2,623,324	2,622,32
Montana Arts Council	131,169	128,568	133,695	134,47
Library Commission	851,218	916,368	957,759	962,09
Historical Society	1,150,694	1,246,502	1,260,571	1,233,54
Fire Services Training School	220,258	219,055	750 000	750 00
Fish, Wildlife and Parks	0	5	750,000	750,00
Public Health	3,522,186	4,020,154	2,897,312	2,946,15
Highways	0 022 004	0	589,706	5,130,56
State Lands	8,833,994	8,237,586	5,581,811 914,931	912,85
Livestock	756,213	865,453	5,730,059	5,641,21
Natural Resources & Environment	3,933,503	4,651,399 34,564,270	38,001,456	38,122,30
Revenue	22,051,353	17,504,790	15,986,176	16,688,87
Administration	35,244,009	1,615,600	941,725	789,13
Agriculture	1,523,864 66,042,016	69,920,080	67,254,695	66,513,24
Institutions		5,945,562	5,670,616	5,590,80
Commerce	5,321,038	977,947	699,733	671,11
Labor and Industry Adjunant General	1,326,425	2,266,895	2,239,475	2,122,88
	78,617,201	83,960,119	85,853,926	93,427,93
Social & Rehab Services Family Services	22,010,527	24,084,943	28,903,076	29,105,10
Supplemental Requests	0	15,641,402	20,703,070	27,103,10
Legislative Feed Bill	0	4,400,000	D	5,000,00
Reversions	0	(10,000,000)	0	3,000,00
Pay Plan	0	(10,000,000)	3,333,333	6,666,66
Foundation Program at 0/0	0	Ü	112,655,000	128,189,00
Debt Service Reversion			(1,628,000)	(1,399,00
Total Deductions	\$432,081,461	\$460,379,896	\$576,343,129	\$607,114,16



Fiscal	General Fund	General Fund	Ending Fund
Year	Revenue	Disbursements	Balance
	(Millions)	(Millions)	(Millions)
80	250.183133	238.167938	42.218231
81	282.526748	264.551569	61.315056
82	320.143925	347.90127	34.386832
83	313.575015	332.610274	57.140875
84	330.305497	357.387046	35.097000
85	364.521831	380.358776	27.545000
86	349.541480	366.815431	16.002000
87	346.689859	391.324548	10.557000
88	391.152206	370.853289	39.472000
89	411.734033	388.270121	67.113000
90	449.437787	432.081461	86.787000
91E	432.672000	460.379896	59.079000
92E	573.270000	576.343129	57.998000
93E	587.393000	607.114165	38.278000

Note: Fiscal Year 1992 and 1993 revenues and disbursements include significant amounts for the school foundation program. Previously, these amounts were recorded in in the special revenue fund because of income tax earmarking.

ECONOMIC OVERVIEW

The State of Montana's ability to finance demands for state and local services without increasing tax loads is dependent on the health of her economy, and the national and international economies. These conditions affect both revenues and the cost of providing services. Prudent fiscal planning requires these underlying factors be considered in the budgeting process.

The executive budget recommendation is based on a scenario of moderate economic growth. Increases in total non-farm employment are anticipated. But, due to the changing composition of the labor force, income growth is constrained. Prudent energy prices are assumed.

Key economic variables that affect state government receipts and expenditures are total personal income, employment levels, inflation rates, energy prices, and interest rates. The following briefly summarizes assumptions about these variables.

Personal Income -- Total personal income is the most commonly used measure of the income of the state's residents. It measures the amount of labor income, interest and dividend receipts, rental receipts, and transfer payments received.

The level of personal income provides a crude estimate of the size of the personal income tax base and the ability of residents to consume items that are subject to tax.

Non-inflation adjusted personal income is projected to grow at rates ranging from 4.6% to 5.5% per year during the forecast period. When projected inflation is taken into account, the forecast anticipates that the income increases will just keep the state's residents even with inflation. No growth in real (inflation adjusted) income is forecast.

Employment -- Total employment is projected to increase throughout the forecast period. Almost 20,000 new non-farm jobs are expected to be added to the state's economy from calendar year 1989 to 1993.

However, most of this growth is expected to come from the relatively lower paid service and retail sectors. Continued declines in the more well paid manufacturing, construction, and mining sectors are expected. The trends of the 1980s, therefore, are expected to continue.

Due to the changing composition of employment, the new employment is not expected to result in large increases in personal income.

Inflation -- Inflation indices measure the level and rate of change of prices of goods and services. Measured inflation affects revenues directly and indirectly. Direct affects occur because of income tax indexing and revenue bases based on current prices. Indirect effects occur through its impact on spending levels and wage negotiations, to name a few.

Wharton Econometric's inflation forecasts are used in the revenue estimates where appropriate. These forecasts anticipate a period of moderate inflation. The consumer price index -- the most commonly cited measure of inflation -- is projected to increase by 4 to 5.5% during the period.

Energy Prices -- Montana's vast mineral wealth and current taxes on energy resources make energy prices important to the state's economy and tax collections. Higher prices encourage additional exploration activities, and affect employment and income levels of the economic sector. They also affect severance tax collections from oil, coal, and natural gas because these tax bases are dependent on energy prices.

Oil

The future outlook for oil prices involves tremendous uncertainty in face of the recent and future events in the Middle East. Oil analysts have recently projected prices ranging from \$80 to \$15 per barrel, depending on how the Middle East crisis is resolved. Futures prices have changed significantly during a day of trading due to the latest statements from world leaders.

The executive budget is based on a prudent forecast of oil prices. Montana's price is expected to average about \$25 per barrel in calendar year 1990 and gradually fall to the low \$20s by calendar year 1993.

Natural Gas

Natural gas prices are expected to increase throughout the forecast period after a slight drop in calendar year 1990 due to reduced supplies and increased demand. By calendar year 1993, the average price received is expected to be about \$0.80 higher than the calendar year 1989 average.

Coal

A soft coal market in recent years has constrained coal prices. Slow growth in demand and significant overcapacity in Western mines create a very competitive market. The forecast assumes these conditions will continue into the near future. Coal prices are expected to remain soft and little change in average prices for Montana producers is expected.

Interest Rates -- Interest rates directly affect Montana's investment earnings from its trust funds and idle cash reserves.

Future interest rates are highly influenced by the Federal Reserve's monetary policy, the federal budget deficit and the international economy and capital market.

The passage of a federal budget agreement and concern about a worsening national economy, is assumed to result in lower short- and long-term interest rates in the forecast period. Short-term rates are anticipated to range from 7.5% to 8.4% during the period. Long-term rates in the mid-9% range are expected.

Other Economic Variables

Numerous other economic variables affect state revenues. The following table presents additional assumptions used for the revenue forecast of the biennium.

Many of the of the state's economic variables are influenced by national and international economic assumptions. Underlying assumptions about these variables were taken from the fall forecasts prepared by Wharton Economic Forecasting Associates.

Economic Assumptions

	CY/FY	CY/FY	CY/FY	CY/FY	CY/FY	CY/FY
Year Assumption	88	89	90	91	92	93
CY Oil Production (Millions)	22.065	19.959	18.566	17.638	16.580	15.585
CY Oil Price	\$13.839	\$17.098	\$22.178	\$25.700	\$22.010	\$20.627
CY Nat.Gas Production (M MCF'S)	45.126	45.595	45.862	44.795	45.329	45.062
CY Natural Gas Price (MCF's)	\$1.738	\$1.862	\$1.851	\$2.010	\$2.317	\$2.666
CY Coal Production	36.879	34.469	35.260	34.825	34.515	34.375
CY Coal Price	\$7.385	\$7.209	\$7.381	\$7.314	\$7.333	\$7.326
CY Coal Tax Credits	\$6.479	\$4.025	\$3.041	\$1.047		
Claim in (t+1)						
CY Copper Production (M lbs)	142.641	73.378	111.063	135.763	137.864	130.566
CY Gold Production (M ozs)	0.307	0.395	0.371	0.360	0.360	0.372
CY Silver Production(M ozs)	5.997	5.735	6.011	6.021	6.099	6.247
CY Lead Production (M lbs)	19,446	11.639	11.792	11.785	11.952	12.345
CY Zinc Production (M lbs)	48.280	31.955	32.369	32.349	32.808	33.887
CY Molybdenum Production (M lbs)	14.067	13.029	13.000	14.100	10.900	9.300
CY Palladium Production(M lbs)	0.126	0.086	0.135	0.261	0.209	0.273
CY Platinum Production (M ozs)	0.038	0.025	0.042	0.080	0.063	0.083
CY Copper Price	\$1.024	\$1.061	\$1.250	\$1.060	\$1.060	\$1.060
CY Gold Price	\$429.966	\$384.009		\$400.000	\$400.000	\$400.000
CY Silver Price	\$5.833	\$4.671	\$4.310	\$4.310	\$4,310	\$4.310
CY Lead Price	\$0.245	\$0.209	\$0.220	\$0.220	\$0.220	\$0.220
CY Zinc Price	\$0.620	\$0.502	\$0.500	\$0.500	\$0.500	\$0.500
CY Molybdenum Price	\$3.074	\$3.134	\$3,134	\$3,134	\$3,134	\$3.134
CY Palladium Price	\$124.912	\$130.948	\$124.000	\$124,000	\$124.000	\$124.000
CY Platinum Price	\$545.350	\$453.253		\$525.000	\$525.000	\$525.000
FY Forest Receipts (Millions)	\$6.500	\$8.239	\$7.582	\$9.500	\$7.275	\$7.181
Montana Population (Thousands)	805.000	806.000	800.000	800.000	804.000	808.000
MT Population >= 16(Thousands)	609.000	611.000	608.000	609.000	613.000	617.000
MT Population 18-24(Thousands)	81.000	79.000	71.000	67.000	64.000	61.000
CY CPI % Change	4.130%		5.400%	5.050%	4.220%	6 5.590%
CY GNPD % Change	3.320%					
CY PCE % Change	3.850%					
CY Short-Term Interest Rate	8.0309					
CY Long-Term Interest Rate	9.290%	8.170%	9.470%	9.250%	9.350%	6 9.460%
CY Prime Interest Rate	9.320%	6 10.870%	9.950%	9.810%	6 10.000%	6 10.000%

Economic Assumptions (Continued)

Year Assumption	CY/FY 88	CY/FY 89	CY/FY 90	CY/FY 91	CY/FY 92	CY/FY 93
FY TCA Average Balance (Millions)	\$222.374	\$268.867	\$316.215	\$261,483	\$227.388	\$188.602
FY TRANS Issue (Millions)	\$51.333	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
FY Permanent Trust Bond Calls	\$0.614	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
FY Common School Trust Bond Calls	\$0.527	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
FY Resource Ind. Trust Bond Calls	\$0.000	\$0.000	\$0.243	\$0.000	\$0.000	\$0.000
FY Park Acq. Trust Bond Calls	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
CY MT Personal Income (Billions)	\$10.361	\$11.342	\$11.902	\$12.556	\$13.138	\$13.866
CY MT Non-Farm Employ (Thousands)	282.900	290.500	298.000	302.100	305.500	309.100
CY MT Corporate Taxable Income	\$725.997	\$818.233	\$846.487	\$888.754	\$877.947	\$850.815
FY Liquor Unit Sales (Millions)	5.094	5.087	5.016	4.952	4.888	4.826
FY Wine Unit Sales (Millions)	0.180	0.151	0.124	0.102	0.085	0.070
FY Liquor Cost Per Unit	\$4.644	\$4.748	\$4.874	\$4.957	\$5.041	\$5.128
FY Wine Cost Per Unit	\$3.161	\$3.210	\$3.262	\$3.314	\$3.431	\$3.551
FY Liquor Division Budget %Change	-5.100%					
FY Cigarette Packs (Millions)	72.908	71.225	69.576	67.526	65.329	63.721
FY Tobacco Value (Millions)	\$5.948	\$6.155	\$6.343	\$6.558	\$6.460	\$6.563
FY Taxable Valuation (Millions)	\$2,000.745\$					
FY Institution Reimb. (Millions)	\$15.395	\$16.031	\$12.285	\$12.632	\$12.311	\$11.797
FY Insurance Revenue Growth (%)	60.360%		-1.960%			
FY Police&Fireman Ret. (Millions)	\$5.626	\$5.968	\$6.076	\$6.213	\$6.391	\$6.479
FY Telephone Taxable Income (%)	4.880%					
FY KWH Produced (Millions)		21,899.302 2				
FY Inheritance Tax (Millions)	\$8.745	\$10.092	\$9.049	\$9.171	\$9.396	\$9.642
FY Drivers'License Fees(Millions)	\$2.004	\$2.060	\$2.066	\$1.965	\$1.966	\$1.971
FY Barrels of Beer (Millions)	0.697	0.698	0.704	0.680	0.680	0.681
CY Freight Line Earn. (Millions)	\$22.357	\$25.500	\$22.634	\$23.535	\$23.310	\$23.113
FY Liters of Wine (Millions)	5.812	5.614	5.330	5.099	4.902	4.712
FY Poker Receipts (Millions)	\$7.684	\$12.748	\$16.000	\$16.800	\$17.640	\$18.523
FY Vehicle Tax Rec. (Millions)	\$32.216	\$35.307	\$38.024	\$38.356	\$38.718	\$39.141
FY Other Receipts (Millions)	\$16.117	\$16.406	\$16.740	\$19.803	\$19.466	\$20.078
FY Interest & Income (Millions)	\$34.079	\$32.165	\$34.707	\$35.750	\$36.718	\$37.825

EXPENDITURE LIMITATION

An expenditure limitation statute was added to Montana's disbursement and expenditure laws by the 47th Legislature. This statute provides for an upper limit of total appropriations of the general fund, the state special revenue fund and the cash portion of the capital projects fund based on the growth in the total personal income of the state's residents. The law is intended to prevent state government expenditures from "consuming" an ever increasing portion of the income of the state residents. As will be shown in the following, the Executive Budget recommendation complies with the expenditure limitation.

Three calculations are required to implement this law:

1) The base appropriation level contained in the current biennium budget must be determined.

2) The percentage change in total personal income must be calculated. For purposes of this calculation, the average personal income for the three years preceding the current biennium are compared to the three year average of the years preceding the next biennium.

3) The expenditure limitation is determined by applying the personal income growth to the base year appropriation level. Recommended appropriation levels for the next biennium are compared to the expenditure limitation to

determine compliance with the law.

Step 1 -- Determine Base Appropriation Level

General fund, state special revenue and the cash portion of the capital project fund for the 1991 biennium, less certain adjustments for interest payments, tax relief and intergovernmental transfers as provided in 17-8-105, MCA, form the base appropriation level. The table to the right presents this calculation.

Step 2 -- Calculate Personal Income

Data necessary to calculate personal income growth are provided below and to the right.

Since the average total personal income for the three years preceding the current biennium (1986, 1987 and 1988) is \$9.976166 billion and the average for the three years immediately preceding the 1993 biennium (1988, 1989 and 1990) is \$11.201674 billion, the growth is total personal income between the two periods is 12.28%. This percentage is the upper limit on appropriation growth for the 1993 biennium.

Step 3 -- Calculate the Expenditure Limit and Compare with Recommended Appropriation Level

The final step in determining the expenditure limit for the 1993 biennium is multiplying the base appropriation total calculated in step 1 by the allowable growth figure determined in step 2 (12.28%). This yields the total amount that may be appropriated from the general fund, state special revenue fund, and cash portion of the capital fund during the 1993 biennium. The resultant figure -- \$2,752.3 million -- is the maximum appropriation allowed.

Base Appropriation Calculations 1991 Biennium (in Millions)	
1991 Appropriation	\$2,537.1
Exclusions: Debt Service Transfers	22.0 63.9
Base Expenditures	\$2,451.2

	Personal Income Growth						
	Personal Income						
Year	(Billions)	Source					
1986	9.587581	Bureau of Economic Analysis					
1987	9.979768	Bureau of Economic Analysis					
1988	10.361148	Bureau of Economic Analysis					
1989	11.341579	Bureau of Economic Analysis					
1990	11.902294	ОВРР					

Expenditure Limitation Recommended Special Revenue Appropriation Recommended Capital Projects Appropriation (Cash) Recommended General Fund Appropriation	\$2,752.3 (1,255.7) (7.6) (1,183.4)
Expenditure Limitation Balance	\$305.6

As shown in the table above and to the right, the Executive Budget recommendation is within the appropriation limit.

PUBLIC SCHOOL SUPPORT

The budget represents continuation of the school finance reforms made during the special session of the legislature. School foundation schedules are maintained at the fiscal 1991 level without increase. Districts spending at or in excess of 135% of their foundation level will be limited to budget increases of 4% per year upon approval of the district voters. Districts spending below this level will be able to increase their budgets in excess of 4% to bring them to 135% of their foundation level. Such increases will not require voter approval. Guaranteed tax base aid is available for districts whose adjusted mill value per ANB is below the state average and for increases up to 35% above the foundation level. Guaranteed tax base aid is also available for retirement costs. The following table illustrates the cost and funding of public school support.

PUBLIC SCHOOL SUPPORT

(millions)

	(mmons)			
	ACTUAL	ESTIMATED	ESTIMATED	ESTIMATED
Beginning fund balance Revenues	\$15.309	\$20.591	\$21.148	\$0.000
State Equalization				
Income Tax	92,787	125,329	0.000	0.000
Corporation Tax	18.845	20.960	0.000	0.000
Coal Tax	2.579	6.026	4.761	4.589
Interest and Income	34.707	35.750	32,949	34.090
US Mineral Leasing	20.241	23,434	25.664	25.194
40 Mills Statewide	0.000	62.082	63.361	64.575
Personal Property Reimbursement	0.000	2.341	2.341	2.341
Interest earnings	0.142	0.127	1.077	1.054
Miscellaneous (1)	15.201	3.296	6.232	6.271
Coal Trust Interest	0.000	7.109	7.411	7.719
Lottery	0.000	5.001	6.190	7.082
Total State Equalization	\$184.502	\$291.455	\$149.986	\$152.915
County Equalization				
55 Mills County (2)	84.976	85.362	87.121	88.790
Personal Property Reimbursement	0.814	3.219	3.219	3.219
Local Government Severance Tax	0.000	11.035	14.068	14.706
Elementary Transportation	(3.741)	(3.838)	(3.838)	(3.838)
High school Tuition	(0.892)	(0.892)	(0.892)	(0.892)
Forest Funds	1.627	1.979	1.516	1.496
Taylor Grazing	0.117	0.117	0.117	0.117
Miscellaneous	8.849	4.533	8.570	8.623
Total County Equalization	\$91.750	\$101.515	\$109.881	\$112.221
District				
Permissive	16.653			
General Fund Appropriation	0.000	0.000	112.655	128.189
Total Available	\$308.214	\$413.434	\$393.797	\$393.325
Expenditures				
Foundation	287.623	347.886	348.547	347.225
Permissive GTB		30.800	31.650	32.500
Retirement GTB		13.600	13.600	13.600
Total Expenditures	\$287.623	\$392.286	\$393.796	\$393.325
Ending Balance	\$20.591	\$21.148	\$0.000	\$0.000

⁽¹⁾ Includes Education Trust Fund in fiscal 1990

(2) 45 mills in fiscal 1990

State support and equalization of public school general fund budgets are anticipated to cost \$393 million per year during the period of FY91-FY93. This will require a general fund appropriation of \$113 million in FY92 and \$128 million in FY93. The total cost is based on high school enrollments increasing 2.2% and 1.7% in FY92 and FY93 respectively while elementary enrollments decline 0.9% and 1.4%. Guaranteed tax base aid is anticipated to increase some as districts now spending below 135% of their foundation amount increase their expenditure levels.

School finance reform

The state support and equalization of public school costs was substantially changed beginning in FY91. These changes in school finance:

- Increased the state financed share of public school expenditures:

- Provided greater equalization of county tax burdens for support of retirement:

- Provided greater equalization of school district tax burdens for the support of school operations;

- Allowed low spending districts to significantly increase their spending levels while limiting expenditure growth in high spending districts.

- Allowed districts significant increases in discretionary spending with out a vote of the district residents:

Maximum general fund without a vote schedules (renamed "foundation program schedules") were increased an average of 22% in FY91 with state and county revenues financing the entire amount. In previous years the district had been responsible for

75% -50% -

Shares of School District Budget

General Fund

State and County District

FV1001

FY1990

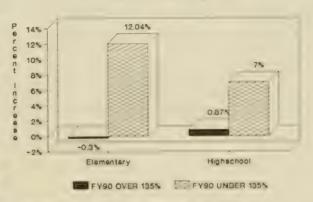
up to 20% of the maximum general fund without a vote amount which they financed with a permissive levy. In addition the state guaranteed each district would receive at least the statewide average amount per ANB for each mill levied for expenditures above the foundation program. This guarantee extended up to 35% of the district's foundation amount. These changes increased the state and county share of financing for school district general fund budgets from 57% in FY90 to 71% in FY91.

The state guaranteed each county would receive at least the statewide average amount per ANB per mill levied for retirement costs and changed the net and gross proceeds taxes on oil, coal, and natural gas to severance taxes. These changes allowed counties which had previously levied at high rates for retirement to reduce their levies with the guaranteed tax base aid, while counties with low rates resulting from net and gross proceeds valuations had to increase tax rates. Based on preliminary data on county retirement levies, the ten highest levying districts in FY90 saw their average tax rate drop from 42 mills to 23 mills. At the same time the average tax rate in the ten lowest levying counties in FY90 rose from 10 mills to 21 mills.

Similar to retirement, the increases in foundation schedules, the guaranteed tax base, and the change from proceeds taxation to severance taxes has reduced the disparity in levies for school district general operations.

Districts whose expenditure level was below 135% of their foundation amount have increased their expenditure levels substantially as a result of the increase in state funding made available, the exemption from I-105 limits, and expansion of the amount the district can levy without a vote of the residents. In FY90 districts budgeted \$544 million in the general and comprehensive insurance funds. This increased to \$570 in FY91 as districts received substantial increases in foundation and guaranteed tax base aid. Districts with FY90 budgets below 135% of their FY91 foundation amount increased their budgets while the higher spending districts were restrained in increasing their budgets in FY91. This results in a narrowing of the gap between high spending and low spending districts in FY91. The table at right illustrates the budget increases of these districts

General Fund Budget Increases By FY90 spending level



FY90 over/under 135 % of FY91 foundation

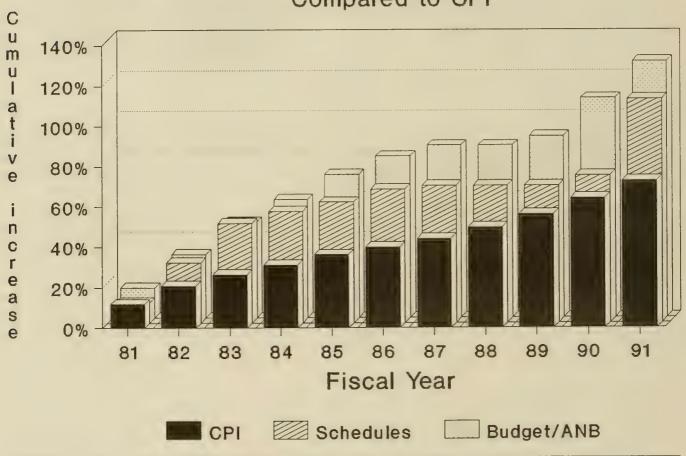
The public school finance structure significantly expanded the spending the districts could levy without a vote of the district residents. In FY90 the district could levy up to 20% of the maximum general fund without a vote, which would have allowed \$57 million. In FY91 the districts could levy up to 35% of a significantly-expanded foundation program without a vote which would have allowed up to \$132 million. Preliminary figures indicate that districts used

approximately \$125 million of this expanded authority. In some cases the increase in non-voted spending was coupled with a reduction in voted spending as total budgets rose less than the full increase in discretionary authority.

Historical perspective

The increases in state support of school spending, coupled with falling enrollments, allowed school districts to expand expenditures faster than inflation. While over the past decade foundation schedules have increased 111% versus the 73% increase in the CPI, district general fund budgets have increased even faster rising 127%. The following table illustrates the growth in school budgets in the past decade compared with schedule increases and the CPI.

Budget and Schedule Increases Compared to CPI



PAY PLAN

Compensation

The 1989 Legislature passed HB786 establishing a Committee on State Employee Compensation; this committee was appointed by the Governor and the legislature. The committee spent the last year examining state compensation practices and developing recommendations for improvement.

The committee's final recommendation advocates a market-based pay philosophy and an open range pay structure. The primary reason for adopting a market-based philosophy is that, in order to attract and retain competent employees, the state must pay employees based on comparisons with a relevant regional labor market. The current step system is not equitable because steps have been frozen six out of the last seven years. The statewide pay plan proposed in the Executive Budget incorporates both the market-based pay philosophy and the open range pay structure.

The Executive Budget proposes that employees on the statewide pay plan receive an average salary increase of 4.5 percent in FY92 and FY93 respectively. In addition the Executive Budget proposes an increase in the state group insurance contribution per employee from \$1800 per year in FY91 to \$1980 in FY92 and to \$2160 in FY93.

The budget proposes funding these pay increases by two means. The proposal requires that the majority of the increases be absorbed within the current level appropriation (fully funded) for personal services. This will require agencies to install organizational efficiencies and use vacancy savings to offset the majority of the increase. In addition, the budget includes \$10 million in general fund that will be requested in the administration's pay bill for the FY92-93 biennium. The \$10 million general fund appropriation will be used to fund the proposed increases in the state contribution to group insurance and a small portion of the pay increases which can not be absorbed through vacancy savings and other efficiencies.

The Executive Budget proposes that the 13-step statewide salary schedule used in the FY90-91 biennium be discontinued, and that it be replaced with the market-based, open range structure proposed by the Committee on State Employee Compensation. The new pay schedule will retain the 25 grade levels in the former salary schedule. It will list an entry salary and a market salary for each grade level for each year of the biennium. The market salary will be determined by salary surveys conducted by the Department of Administration, based on the relevant labor market.

The Executive Budget proposes an average 4.5% increase for employees on the new statewide pay plan consisting of the following: (1) a 3% increase for all state employees to keep pace with expected market gains, and (2) an average "progression increase" of 1.5% for employees on the statewide pay plan. The formula-driven progression increase is designed to move employees' salaries closer to the market salary listed at the appropriate grade level. Because the progression increase is based on proximity to the market rate, individual employees' pay increases will vary.

Tables 1 and 2 are the proposed statewide pay schedules for FY92 and FY93 respectively. These schedules do not include the state health insurance contribution outlined above. In addition to the 3% pay increase mentioned above, each employee would receive a progression increase of .125% for each full percent their current salary falls below the market salary. Employees whose current salaries are at or above the market rate would receive the 3% increase under the plan. All employees under the statewide schedule would receive, at a minimum, the amount listed in the entry salary for their corresponding grade level. The proposed blue collar pay schedules, liquor store occupation schedules and institutional teacher schedules are not listed but contain a 3.75% increase in compensation each year to be divided between insurance contribution and salary.

Table 1
Proposed Fiscal Year 1992 Pay Schedule
Monthly Rates (Do Not Include Insurance)

Grade	Entry Salary	Market Salary
1	\$702	\$826
2	756	892
3	815	963
4	878	1040
5	949	1127
6	1025	1221
7	1107	1321
8	1200	1436
9	1300	1558
10	1410	1694
11	1529	1843
12	1662	2007
13	1806	2187
14	1966	2385
15	2141	2605
16	2337	2850
17	2555	3124
18	2796	3427
19	3066	3767
20	3367	4147
21	3702	4570
22	4075	5044
23	4497	5580
24	4970	6182

Table 2
Proposed Fiscal Year 1993 Pay Schedule
Monthly Rates (Do Not Include Insurance)

Grade Ent	try Salary	Market Salary
1	723	851
2	779	919
3	839	992
4	904	1072
5	977	1161
6	1056	1257
7	1141	1361
8	1236	1479
9	1339	1605
10	1452	1745
11	1575	1898
12	1712	2068
13	1860	2252
14	2025	2457
15	2205	2683
16	2407	2936
17	2632	3218
18	2880	3530
19	3158	3880
20	3648	4271
21	3813	4707
22	4198	5195
23	4632	5747
24	5119	6368
25	5659	7056

The following table and charts show the number of FTE budgeted at each grade and step on the statewide pay matrix for FY92.

						00	50 State	wide F	lan					
FTE Frequency Distribution														
Grade	Step	Step	Step	Step	Step	Step	Step	Step	Step	Step	Step	Step	Step	Total
	01	02	03	04	05	06	07	08	09	10	11	12	13	
04		1.50	2.09											3.59
05	2.21	80.98	9.55	0.32	1.23	2.90	0.21	1.17	0.12	0.70	1.00		2.00	102.39
06	1.00	168.72	26.25	16.66	4.33	6.00	7.50	6.70	2.12	3.84	3.00	8.00	5.00	259.12
07	0.20	336.40	63.52	39.87	17.89	26.65	20.58	32.04	13.75	13.90	3.82	17.67	22.66	608.95
08	1.50	720.67	108.06	42.30	41.07	33.61	37.45	45.12	29.75	34.00	22.47	20.75	64.25	1201.00
09	0.55	316.09	78.27	32.05	40.75	30.61	36.30	44.00	19.00	21.50	18.00	14.50	29.00	680.62
10	1.83	406.29	92.98	47.70	46.58	46.38	37.18	34.00	27.60	22.88	15.75	38.50	45.25	862.92
11		251.06	87.14	66.00	24.00	30.41	45.50	46.50	45.00	28.75	20.50	66.00	47.83	758.69
12		321.94	96.00	54.57	37.40	37.98	52.50	62.00	45.00	49.50	28.00	64.00	31.00	879.89
13		427.24	115.17	54.10	41.50	33.70	37.25	74.25	51.50	53.00	45.50	112.65	35.00	1080.86
14		427.64	91.55	45.90	41.58	41.16	37.85	60.50	48.00	60.50	44.42	150.00	68.00	1117.10
15		195.88	50.50	28.80	24.00	22.00	37.55	54.50	33.00	48.00	54.55	99.50	69.50	717.78
16		136.55	31.00	17.50	16.00	19.75	16.00	37.75	23.50	30.00	33.13	65.00	83.00	509.18
17		57.32	16.00	10.00	8.00	14.00	14.50	12.00	13.00	22.00	20.00	25.00	53.75	265.57
18		27.00	9.00	3.00	6.00	11.00	7.00	9.00	8.00	10.00	9.00	21.00	27.00	147.00
19		10.60	7.00	4.00	2.00	1.00	2.00	5.00	5.00	8.40	5.00	8.00	14.00	72.00
20		1.00	1.00			3.00	4.00	3.00	4.00			2.00	11.00	29.00
21		4.00		1.00		1.00	1.00	1.00	1.00	3.00	1.00	3.00	2.00	18.00
22		2.00			3.00			1.00		1.00		2.00	1.00	10.00
23												1.00		1.00
24		1.00												1.00
Total	7.29	3894.38	885.08	463.77	355.33	361.15	394.37	529.53	369.34	410.97	325.14	718.57	611.24	9326.16

"Unified Pay Plan" History

Prior to January 1, 1975, the State of Montana did not have a unified pay plan. Pay systems were decentralized within various agencies. Because of this decentralization, many persons performing similar jobs were compensated at substantially different pay levels. This fragmented system made it extremely difficult to set budget levels, compare past wage data, and project future budget requirements.

The 1973 Legislature directed the Department of Administration to develop a wage and salary plan for consideration by the 1975 Session. HJR37 of the 1975 Session adopted the first statewide pay matrix for classified employees. The Public Sector Collective Bargaining Act was also adopted by the 1975 Session.

The table to the right shows the number of collective bargaining units, number of employees that are organized for collective bargaining, total number of employees and the percent of employees that are organized for collective bargaining for the past 15 years. University System bargaining units and employees are not included.

Pay Matrix History

Since the inception of the statewide pay plan each legislative session except one has adopted matrices for classified employees. The 1981 Session delegated the authority to the Governor to set the matrices by executive order. The 1987 Session gave similar authority for the institutional teachers matrix for the 1989 biennium.

Pay increases have historically varied by grade and step. Lower grade employees have been given larger percentage increases in most biennia. In some cases a flat dollar increase was added to a percentage increase. These pay practices have resulted in a larger percentage raise to lower grade employees. Over time, this has compressed the current pay matrix, reducing the percent difference between grades. The pay compression has created problems, such as supervisors being paid less than the employees they supervise, and has caused recruitment difficulties.

		Table :	5							
Collective Bargaining										
Historical Data										
Fiscal	Number of	Number of	Total	Percent						
Year	Units	Employees	Employees	Organized						
1974	33	4,194	9,397	44.6%						
1975	37	4,429	9,983	44.4%						
1976	51	4,940	11,279	43.8%						
1977	53	4,940	12,048	41.0%						
1978	57	5,689	11,924	47.7%						
1979	62	5,958	11,401	52.3%						
1980	67	5,665	11,345	49.9%						
1981	71	5,657	11,427	49.5%						
1982	72	5,082	10,670	47.6%						
1983	77	5,105	10,523	48.5%						
1984	68	5,148	10,475	49.1%						
1985	71	5,458	10,585	51.6%						
1986	74	5,659	10,953	51.7%						
1987	72	5,487	10,827	50.7%						
1988	75	5,559	10,700	52.0%						
1989	75	5,594	10,814	51.7%						
1990	76	5,804	11,072	52.4%						
	mber of emple									
numbers and does not reflect FTE positions.										

In addition, steps on the current matrix have been frozen for six of the past seven years. In some cases, employees with six or seven years of state service are earning substantially less than employees with twelve or thirteen years of service who are performing the same work. At the same time, however, they are earning about the same salaries as employees performing the same work who have been with the state for less than a year.

The Executive Budget proposes to address the problems listed above by discontinuing the current pay matrix and replacing it with the proposed market-based open range system. Under this proposal, market salaries for each grade level are tied directly to surveys of other employers within the relevant job market. In addition, employees within the same pay grade would have their percentage pay increase vary depending upon their proximity to the market rate for their grade.

Group Insurance for State Employees

The state group insurance program provides state employees and their dependents medical, dental, and life insurance. State law requires that state retirees be allowed to participate in the state insurance program. In addition, federal law, the Consolidated Omnibus Budget Reconciliation Act (COBRA), mandates that coverage under the state insurance program be provided to certain other individuals such as terminated employees, former employees that voluntarily terminated their employment, employee's former dependents that are now adults, employee's former spouses and former employee's dependents. The length of time that coverage is mandated under COBRA is generally eighteen months, but may be up to thirty-six months.

Stat	te Contribution Histor	ry
	Monthly	Annual
Fiscal Year	Contribution	Contribution
1978	\$20	\$240
1979	\$30	\$360
1980	\$50	\$600
1981	\$60	\$720
1982	\$70	\$840
1983	\$80	\$960
1984	\$90	\$1,080
1985	\$100	\$1,200
1986	\$105	\$1,260
1987	\$115	\$1,380
1988	\$115	\$1,380
1989	\$115	\$1,380
1990	\$130	\$1,560
1991	\$150	\$1,800
*1992	\$165	\$1,980
*1993	\$180	\$2,160
* Proposed State Contr	ribution rates	

The state contribution to pay for these benefits is considered part of pay and is negotiated as such. The following table lists the state contribution level since FY78 and the proposed contribution levels for FY92 and FY93.

Prior to 1979, individual agencies were allowed to provide their own health insurance plans. These plans had varying costs and benefit levels. Beginning April, 1979, the state adopted unified health coverage and purchased insurance from private carriers. In FY81, the state began limited self-insurance with a "minimum premium plan". That plan allowed the state to build up cash reserves and start full self-insurance in FY83.

State contributions cover health, dental, and core life insurance premiums for employees. Premiums charged to participants for dependent heath insurance coverage (family premiums minus state contribution) decreased from plan year 1983 to plan year 1991. Effective September 1, 1990 (plan year 1991), premiums charged for dependent coverage increased \$10 per month bringing them back to plan year 1993 levels (\$53.30 a month for full family coverage).

Premiums were intentionally not increased during the FY88-89 biennium pay freeze so that employees would not have additional out of pocket costs. It was intended that any losses would draw down the self-insurance reserve fund.

The FY88-89 biennium saw increases in claims payments of 17% in FY88 and 12% in FY89. Claims costs increased 12% in FY90 to a total of \$24.4 million and are expected to increase 9% in FY91 to a total of \$26.2 million. The low FY91 projected increase is the result of cost containment measures that are expected to save \$1.9 million in FY91. Claim payments are expected to increase approximately 15% each year of the FY92-93 biennium.

The state contribution and/or employee premium levels must be increased in the coming biennium to maintain the plan on an actuarial sound basis. As of September 1, 1990, there was an unallocated reserve in the insurance fund of \$3 million. This reserve will not allow current benefit levels to continue through the next biennium without an increase in revenues into the plan. In addition to the proposed increase in state contribution levels, a combination of cost containment, benefit reductions, and increased cost sharing for employees will likely have to be implemented during FY92-93 to maintain the plan on an actuarial sound basis.

The following table shows the group insurance program actual income, expenditures, operating excess or (loss), total reserve, required reserve, and unallocated reserve since September of 1988 and the projections for plan years 91, 92 and 93. The required reserve is the amount of reserve that is allocated for claims that have been incurred by plan members but not yet submitted for payment and for claims fluctuation. The projections for FY92 and FY93 include the proposed increase in the state contribution, but do not include any cost containment measures, benefit reductions, or increased cost sharing for employees. A combination of these measures must be adopted to reduce the projected plan losses and maintain the plan on an actuarial sound basis.

Calf insured Court Health Insurence Beauty											
Self-insured Group Health Insurance Program											
Income and Expenses											
			Millions	D 1 . I*	75 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	T) 1 4 1+					
	0.4.0	0.4.00	0.4.00	Projected*	-						
	9-1-87	9-1-88	9-1-89	9-1-90	9-1-91						
	to	to	to	to	to	to					
	8-31-88	8-31-89	8-31-90	8-31-91	8-31-92	8-31-93					
Income	\$20.579	\$21.207	\$23.554	\$27.739	\$30.425	\$33.042					
Expenses	\$21.654	\$24.008	\$27.137	\$28.656	\$33.116	\$38.304					
(Loss)	(\$1.075)	(\$2.801)	(\$3.583)	(\$0.917)	(\$2.691)	(\$5.262)					
Excess	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000					
Total	\$16.964	\$14.163	\$10.580	\$9.663	\$6.972	\$1.710					
Reserve											
Required	\$8.212	\$8.863	\$7.531	\$8.106	\$9.448	\$11.012					
Reserve											
Unallocated	\$8.752	\$5.300	\$3.049	\$1.557	(\$2.476)	(\$9.302)					
Reserve						,					

^{*} The projected reserve is taken from the November 20, 1990, estimate made by Martin E. Segal Company. This firm provides actuarial services for the state group insurance plan. The income projections include increases in the annual state contribution from \$1800 per eligible employee in FY91 to \$1980 per eligible employee in FY92 and to \$2160 per eligible employee in FY93.

FULL-TIME EQUIVALENT (FTE) POSITIONS IN STATE GOVERNMENT

The Executive Budget reflects the Governor's commitment to reducing the size of state government. The recommended FTE levels for state government in FY92 and FY93 are 283.37 and 325.48 FTE below the current actual FY91 FTE levels.

An even more dramatic reduction is recommended when comparing those agencies that report to the Governor. For all agencies reporting to the Governor, the recommended FTE levels in FY92 and FY93 are 335.81 and 388.20 FTE below the current actual FY91 levels for those same agencies. The reductions recommended are possible because of executive initiatives including internal restructuring, reorganizations, privitization, operating efficiencies, program reductions, and program eliminations.

The bar chart below illustrates the recommended change in FTE levels for agencies reporting to the Governor, legislative agencies, other elected officials, the university system and the State Mutual Insurance Fund. Table 1 shows the FTE comparisons by these same five categories.

Table 2 on the following page details the actual FY90 and actual FY91 FTE levels along with recommended FTE levels for FY92 and FY93 by agency.

Change in FTE
Actual 91 to Recommended 92 & 93

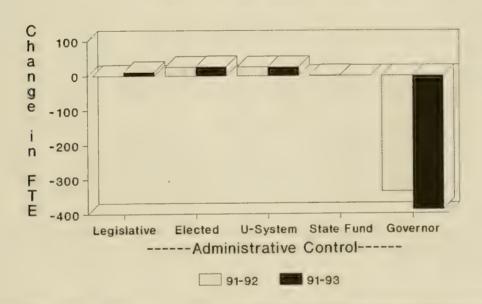


Table I Full-Time Equivalent (FTE) Comparisons										
	Executive Budget									
	Actual	Actual	Current	Modified	Total	Current	Modified	Total		
State Agency	FY 90	FY 91	FY 92	FY 92	FY 92	FY 93	FY 93	FY 93		
FTE Reporting to Governor	9736.71	9853.16	9250.63	266.69	9517.32	9180.84	284.62	9464.96		
Legislative Agencies	132.45	142.45	131.95	11.00	142.95	142.45	11.00	153.45		
Elected Officials	988.53	998.62	982.90	41.08	1023.98	982.90	42.33	1025.23		
Montana University System	3260.21	3284.32	3301.80	8.12	3309.92	3301.80	7.62	3309.42		
State Mutual Insurance Fund	101.37	215.89	175.00	41.90	216.90	174.00	41.90	215.90		

Table 2
Full-Time Equivalent (FTE) Comparisons

			Exe	ecutive Bu	dget	Ex	ecutive Bud	iget
	Actual	Actual	Current	Modified	Total	Current	Modified	Tota
State Agency	FY 90	FY 91	FY 92	FY 92	FY 92	FY 93	. FY 93	FY 93
Legislative Auditor	60.00	60.00	60.00	9.00	69.00	60.00	9.00	69.00
Legislative Fiscal Analyst	18.00	18.00	17.50		17.50	18.00		18.00
Legislative Council	43.70	53.70	43.70	2.00	45.70	53.70	2.00	55.70
Environmental Quality Council	6.50	6.50	6.50		6.50	6.50		6.50
Consumer Counsel	4.25	4.25	4.25		4.25	4.25		4.25
Judiciary	90.50	90.50	89.50	2.00	91.50	89.50	2.00	91.50
Governor's Office	65.20	60.20	59.20		59.20	59.20		59.20
Secretary of State	26.00	26.00	26.00		26.00	26.00		26.00
Commissioner of Political Prac	3.00	3.00	3.00		3.00	3.00		3.00
State Auditor	66.00	68.50	67.00	2.00	69.00	67.00	2.00	69.00
Office of Public Instruction	129.43	137.87	126.40	7.33	133.73	126.40	7.33	133.73
Vocational-Technical Centers	264.07	264.07	265.77		265.77	265.77		265.77
Crime Control Division	16.85	17.00	16.00	2.00	18.00	16.00	2.00	18.00
Highway Traffic Safety	8.50	8.50	8.50		8.50	8.50		8.50
Department of Justice	602.25	601.25	600.50	26.75	627.25	600.50	27.00	627.50
Public Service Regulation	46.00	46.00	46.00	1.00	47.00	46.00	2.00	48.00
Board of Public Education	4.00	4.00	4.00		4.00	4.00		4.00
Commissioner of Higher Ed	61.95	67.95	60.15	5.30	65.45	60.15	4.80	64.95
Units of Higher Education *	2934.19	2952.30	2975.88	2.82	2978.70	2975.88	2.82	2978.70
School for the Deaf & Blind	84.54	84.54	84.54	1.61	86.15	84.54	1.61	86.15
Montana Arts Council	7.97	8.97	7.97		7.97	7.97		7.9
Library Commission	33.26	36.90	28.50	1.00	29.50	28.50	1.00	29.50
Council on Vocational Ed	2.50	2.50	2.50		2.50	2.50		2.50
Historical Society	52.44	50.28	48.28		48.28	48.28		48.28
Fire Services Training Sch	5.00	5.00						
Dept of Fish, Wildlife & Parks	577.60	578.99	528.52	27.49	556.01	528.52	27.49	556.01
Department of Public Health	323.07	361.65	172.07	20.00	192.07	172.07	20.00	192.07
Department of Highways	1933.83	1933.83	1980.82	1.00	1981.82	1980.82	1.00	1981.82
Department of State Lands	335.32	342.27	334.69	13.40	348.09	334.69	18.18	352.8
Department of Livestock	116.71	118.71	118.71	5.00	123.71	116.71	5.00	121.71
Dept of Nat Res & Environment	265.16	268.78	393.23	58.12	451.35	393.23	60.50	453.73
Department of Revenue **	799.99	803.08	745.58	11.33	756.91	719.58	11.00	730.58
Department of Administration	342.09	345.84	318.39	4.50	322.89	322.39	4.50	326.89
Public Employees Retirement Bd	20.00	20.00	20.00		20.00	20.00		20.00
Teachers Retirement Bd	11.50	11.50	11.50		11.50	11.50		11.50
Department of Agriculture	94.05	97.84	91.59	5.12	96.71	91.59	5.50	97.09
Department of Institutions	2094.05	2124.50	1811.89	73.01	1884.90	1766,35	80.73	1847.08
Department of Commerce	336.33	336.97	307.21	9.00	316.21	307.21	9.00	316.21
Dept of Labor and Industry	682.05	671.75	629.50	9.00	638.50	629.50	9.00	638.50
State Mutual Ins Fund	101.37	215.89	175.00	41.90	216.90	174.00	41.90	215.90
Dept of Military Affairs	97.75	97.85	97.75		97.75	97.75	.1170	97.75
Dept of Social and Rehab Serv	886.08	924.72	892.70	6.00	898.70	891.95	9.00	900.95
Dept of Family Services	566.22	562.49	561.49		582.60	561.49	21.11	582.60
Total State FTE	14219.27	14494.44			14211.07		387.47	14168.96

^{*} The FTE levels at the university units are established in part by formula budgets and may vary from the actual FTE ** Reflects a reduction of 13 FTE in FY92 and 26 FTE in FY93 as a result of privatizing retail liquor.

SUPPLEMENTAL REQUESTS

The executive budget includes \$15,641,402 of general fund supplemental appropriations requested FY91 as described below. Total supplemental requests of \$82,671,287 are summarized in Table 1. Details will be presented in the supplemental appropriations bill to be introduced by request of the OBPP.

Legislative, Judicial & Administrative

Judiciary

Boards and Commissions: General Fund - \$23,500 for the Commission on Practice which hears complaints regarding the behavior of attorneys, investigating and prosecuting if necessary. In FY90, there was an \$11,500 appropriation transfer for this purpose and the balance of the deficit was made up using money from other boards and from training funds.

State Auditor

Fiscal Control and Management: General Fund - \$263,423 comprised of \$164,849 for warrant writing system processing charges from the Department of Administration Information Services Division, due to the fact that the new system started in FY90 and cost data was unavailable when the appropriation was made; and \$98,574 for warrant postage, mailing, and printing costs. In FY90, there was an \$85,967 appropriation transfer, which proved to be insufficient, so \$5,337 of FY90 costs were paid from the FY91 appropriation.

State Payroll: General Fund - \$51,054 for processing, printing, and other costs of the state payroll.

Department of Justice

Motor Vehicle Division: General Fund - \$63,700 comprised of \$40,000 for month decals for the new license plates approved in HB245, but omitted from the cost estimates; and \$23,700 for gasoline in the Driver Services Bureau for travel to smaller cities to administer driver license tests.

Law Enforcement Services: General Fund - \$9,500 for gasoline to provide required travel in the Fire Marshall Bureau for inspection of buildings and fires and in the Criminal Investigation Bureau for investigation of cases.

County Attorney Payroll: General Fund - \$77,000 to pay one-half the salary of each county attorney. Appropriated funds are insufficient because three attorneys switched from part-time to full-time and because, although the 1989 Legislature provided for a 2.7% salary increase, the actual salary increase is 3.3% for FY91.

Transportation of Prisoners: General Fund - \$100,000 to pay extradition costs and to reimburse counties for their costs of transporting prisoners to a state detention facility. There was a FY90 appropriation transfer of \$45,000 in this program.

Governor's Office

Citizens' Advocate: General Fund - \$12,000 for toll-free telephone costs because usage has increased 71% over the number of calls budgeted by the 1989 Legislature. The calls are not controllable by the office and there was a FY90 appropriation transfer of \$5,700 to cover increased costs.

Department of Revenue

Property Assessment: General Fund - \$220,984 for additional computer capacity, contract support, and remote printing capability for the Computer Assisted Mass Appraisal System (CAMAS) to ensure timely completion of statewide property reappraisal in 1993.

Department of Military Affairs

Air National Guard: General Fund - \$30,000 for legal costs of an ongoing lawsuit filed by certain fire fighter employees.

Subcommittee Section A Subtotal: General Fund - \$851,161

Human Services

Department of Social and Rehabilitation Services

Medicaid Primary Care: General Fund - \$5,298,087 for three main reasons: (1) medicaid caseload was underestimated during the 1989 Legislative Session, in the AFDC eligibility component, by approximately 7% in both FY90 and FY91; (2) the Omnibus Budget Reconciliation Act of 1989 mandated expanded medicaid coverage, effective April 1, 1990,

to children through age 6 and pregnant women, up to 133% of the federal poverty level; (3) the cost of in-patient youth psychiatric services was underestimated during the 1989 Legislative Session by approximately \$2 million per year.

State Medical: General Fund - \$1,100,000 to cover the FY90 appropriation transfer of a like amount required because State Medical costs did not decline as projected by the 1989 Legislature.

AFDC: General Fund - \$1,349,986 because the AFDC caseload projected and funded during the 1989 Legislative Session was approximately 7% below actual FY90 and currently-experienced FY91 caseloads.

Day Care: General Fund - \$141,222 for three primary reasons: (1) The Department of Family Services (DFS) increased the rates paid to day care providers in July 1989, but SRS did not request or budget for this increase; (2) day care billing categories determined by DFS social workers have assigned more children to the SRS share of the program; and (3) increased number of children receiving day care.

DD Division: General Fund - \$728,115 for increased community-based services, including residential, day care, and transportation. This increase was required due to imminent threat of loss of federal medicaid certification and reimbursement at the Montana Developmental Center. The Montana Developmental Disabilities Services System plan was created and early phases required the increased services to prevent loss of certification. This supplemental will be offset by reduced costs at MDC.

TEAMS: General Fund - \$461,964 request for reappropriation of FY88 and FY89 funds which were reverted by the department in FY90 in accordance with the Legislative Auditor's findings regarding lack of contracts obligating the accrued funds. The funds are essential for completion of the TEAMS project.

Department of Family Services

Foster Care: General Fund - \$744,604 to place approximately 43 children waiting for placement and to provide placement for Native Americans residing on reservations as mandated by the Indian Child Welfare Act of 1978. There was a FY90 appropriation transfer of \$200,000 in this program.

Mountain View: General Fund - \$32,251 for increased services and costs for medical and dental expenditures and to replace the \$10,000 appropriation transfer made in FY90 for the same reasons.

Pine Hills: General Fund - \$51,483 comprised of \$27,883 for medical costs, psychiatric treatment, emergency room, and ambulance services provided through a FY90 appropriation transfer of a like amount; and of \$23,600 to supplant the interest and income cash shortfall of \$17,052 in FY90 and the projected revenue shortfall of \$6,548 in FY91.

Subcommittee Section B Subtotal: General Fund - \$9,907,712

Natural Resources and Commerce

Department of State Lands

Forestry Fire Suppression: General Fund - \$2,517,108 to pay fire suppression costs of \$966,989 for FY90 fire season expenses and \$1,550,119 for FY91, including \$750,119 for known fire expenses plus \$700,000 estimated for the Beartooth Wildlife Management Area fire, and \$100,000 estimated for additional fires. There will be about \$1,274,266 of these state expenses reimbursed by the federal government, which will be general fund revenue for FY91.

Subcommittee Section C Subtotal: General Fund - \$2,517,108

Institutions

Department of Institutions

Montana State Prison: General Fund - \$719,417 for the costs to house, feed, and provide medical care and security for increased number of inmates. MSP was budgeted for an average daily inmate population of 1,086.75 in FY91 and the FY91 projected average daily count is 1,156, or 69.25 inmates per day higher than budgeted.

Swan River Forest Camp: General Fund - \$13,500 for personal services cost increases resulting from negotiated pay increases for registered nurses, a union agreement for correctional officers, and classification actions for four other positions. Because the inmate population has increased from 55 to 60, there is no surplus in the operations budget to mitigate this deficit.

Corrections Program: General Fund - \$25,742 for the net cost of contracting for 15 additional beds at three privately operated pre-release centers necessitated by prison overcrowding. Although the total deficit in this program is projected

to be \$64,427, the remainder will be mitigated by other reductions in operating expenses.

Women's Corrections: General Fund - \$78,040 for negotiated pay increases for registered nurses, the union agreement for correctional officers, reclassification actions, and census levels which exceed the budgeted population causing medical, counseling, and treatment services costs also to exceed budgeted levels.

Corrections Medical Program: General Fund - \$336,932 for medical costs which exceed the current level base used during the last session and which have increased due to the higher-than-budgeted inmate population. There was a FY90 appropriation transfer of \$71,000 in this program.

Board of Pardons: General Fund - \$35,651 primarily because the board increased its hearings and related activities by 25% in an effort to help deal with overcrowding problems in the Corrections System. There was a FY90 appropriation transfer of \$16,350 for the same reason.

State Hospital: General Fund - \$70,573 primarily because the Clozaril drug program is being used for those severely psychotic patients whose profile indicates a probable positive effect, enabling care in much less restrictive environments. The cost of this drug program, which is \$172 per week per resident, was not budgeted because it became available since the last session. There was a FY90 appropriation transfer of \$54,145 for the same reasons.

Subcommittee Section D Subtotal: General Fund - \$1,279,855

Education and Higher Education

Office of Public Instruction

Distributions to Schools: General Fund - \$605,589 to allow state reimbursement of school district transportation costs in accordance with the payment schedules set forth in 20-10-140 and 20-10-142, MCA. The transportation aid distributions totaled \$6,458,483 in FY90 and the appropriation is \$5,852,894 in FY91. This supplemental appropriation covers the difference.

School for the Deaf and Blind

Education: General Fund - \$246,897 which is comprised of 1) \$161,285 settlement with AFT Local 4027 on annual leave and holiday pay for FY88 and FY89; 2) \$21,829 settlement for FY88 and FY89 with employees who were previously covered by the union agreement, but who were not part of the settlement; 3) \$53,783 to cover a shortfall in federal Chapter I funds in FY91; and 4) \$10,000 increase in educational supplies for the cost of large print and braille textbooks distributed to students residing in their home school districts.

Board of Public Education

Administration: General Fund - \$6,000 for the accrued sick and annual leave of a staff member who departed in FY90. There was an appropriation transfer for a like amount in FY90.

Montana University System

University of Montana: General Fund - \$93,843 for liability insurance in the Institutional Support Program.

Northern Montana College: General Fund - \$133,237 for liability insurance in the Institutional Support Program.

Subcommittee Sections E and F Subtotal: General Fund - \$1,085,566

Table 1
Summary of Supplemental Requests
Fiscal Year 1991

	Fiscal Year	1991			
	General	State	Federal	Proprieta	TOTAL
Agency	Fund	Special	Revenue	ry,	FUNDS
				Trust,	
				Other	
Judiciary	\$23,500	\$22,000	\$0	\$0	\$45,500
State Auditor	314,477	0	0	0	314,477
Dept. of Justice	250,200	497,000	0	0	747,200
Governor's Office	12,000	0	0	0	12,000
Dept. of Highways	0	24,063,030	14,040,000	735,059	38,838,089
Dept. of Revenue	220,984	0	0	0	220,984
Dept. of Admin-TRS	0	0	0	26,866	26,866
Dept. of Military Affairs	30,000	0	0	0	30,000
Section A Subtotal	\$851,161	\$24,582,030	\$14,040,000	\$761,925	\$40,235,116
Dept. of SRS	\$9,079,374	\$150,536	\$27,165,214	\$0	\$36,395,124
Dept. of Family Services	828,338	0	224,169	0	1,052,507
Section B Subtotal	\$9,907,712	\$150,536	\$27,389,383	\$0	\$37,447,631
Department of State Lands	\$2,517,108	\$0	\$0	\$0	\$2,517,108
Dept. of Institutions	\$1,279,855	\$0	\$0	\$0	\$1,279,855
Office of Public Instruction	\$605,589	\$0	\$0	\$0	605,589
School for the Deaf & Blind	246,897	0	0	0	246,897
Board of Public Education	6,000	0	0	0	6,000
Montana University System	227,080	0	0	106,011	333,091
Section E/F Subtotal	\$1,085,566	\$0	\$0	\$106,011	\$1,191,577
TOTAL SUPPLEMENTALS	\$15,641,402	\$24,732,566	\$41,429,383	\$867,936	\$82,671,287

RESOURCE INDEMNITY TRUST FUND

The Resource Indemnity Trust Fund (RIT) was established in 1973. Earnings from the RIT are to be used to "improve the total environment and rectify damage thereto" pursuant to 15-38-203, MCA. Funding to implement this policy is derived from a tax on mineral production and interest earnings to the established trust fund.

When the trust fund reached \$10 million in 1978, all earnings on the trust began to be appropriated in accord with 15-38-202, MCA. Once the trust reaches \$100 million, both the interest and tax proceeds can be appropriated.

Trust fund earnings are earmarked for a number of different programs. Statutorily \$175,000 per biennium is allocated to the Governor's environmental contingency fund which must be used to meet unanticipated public needs when the public welfare and/or natural environment is threatened, in accord with 75-1-1101, MCA. Second, up to \$50,000 per biennium is appropriated to the oil and gas production damage mitigation account pursuant to 82-11-161, MCA. The remaining trust fund earnings have been allocated to five programs in accord with current law since FY90 as follows: Water Development 30%; Renewable Resources 8%; Reclamation and Development 46%; Hazardous Waste/CERCLA 12%; and Environmental Quality Protection (Non-Super Fund) 4%. Table 1 shows the history of the trust fund since its inception. The table provides historical data on tax collections, interest earnings, and trust fund balances. Estimates for fiscal years 1991, 1992, and 1993 are provided.

		Table 1	S E I	
		esource Indemnity T		
	Coll	ections and Trust F		
T'1 3/ 7D	Callantina	Fiscal Years 1974		Tour Fred Palance
Fiscal Year Ta		Interest Earnings		Trust Fund Balance
FY74	\$1,137,902	\$3,483	\$1,141,385	\$1,141,385
FY75	2,050,037	96,031	2,146,068	3,287,456
FY76	1,981,363	283,377	2,264,740	5,552,291
FY77	2,209,719	475,082	2,684,801	8,232,247
FY78	2,246,415	696,050	2,942,465	10,646,851
FY79	2,107,358	908,982	3,016,340	12,574,209
FY80	3,630,322	1,175,530	4,805,852	16,204,531
FY81	4,956,025	1,607,667	6,563,692	21,165,464
FY82	7,159,153	2,294,265	9,453,418	28,328,946
FY83	7,822,036	3,789,855	11,611,891	36,181,889
FY84	6,716,089	4,225,130	10,941,219	42,986,128
FY85	6,278,740	5,526,373	11,805,113	47,396,179
FY86	5,992,270	6,487,967	12,480,237	53,039,675
FY87	3,821,952	7,208,545	11,030,497	56,861,627
FY88	4,979,333	6,149,783	11,129,116	61,750,961
FY89	4,782,041	6,858,164	11,772,203	66,665,000
FY90	6,037,436	7,472,755	13,510,194	72,811,618
FY91 est	4,971,697	7,612,666	12,584,363	77,783,315
FY92 est	5,377,173	7,952,931	13,330,104	83,160,488
FY93 est	4,893,590	8,604,746	13,498,336	88,054,078

The last four legislative sessions also have appropriated some of the RIT monies to fund programs in DNRE, DSL, and other departments that are consistent with the purpose for which the funds may be spent. The executive budget proposes to continue the funding of comparable programs for which RIT monies were appropriated during the 1991 biennium. The amount remaining for grants increases by \$248,292 over the 1991 biennium appropriated level to \$4,986,516 for the 1993 biennium. In addition, there is \$599,649, which is equal to 25% of the recommended water development and renewable resource development grant levels, included for water storage projects based on the recommendation of the State Water Plan Advisory Committee. The committee will recommend legislation during the 1991 Legislative Session to earmark 25% of these funds for water storage purposes. Table 2 presents the 1993 RIT

biennium revenues generated by the trust, how the interest is allocated, the appropriations of the revenues, and estimated ending fund balances for each of the five accounts into which trust interest earnings are deposited. Separate tables on the following pages list prioritized projects for the water development, renewable resource, and reclamation and development grants.

		Table 2			
Five Acco	unts Receiving	Resource In	demnity Trust	Interest	
199	93 Biennium R	evenues and	Appropriations		
					Environmental
			Reclamation &		Quality
	Development	Resources	Development	Waste/CERCLA	Protection
	30%	8%	46%	12%	. 4%
Beginning Balance	\$810,949	(\$14,279)	\$604,812	\$1,074,860	\$1,194,036
Revenues	* * * * * * * * * *	#1 224 C14	67 (1 C 501	¢1 007 031	¢((2,207
RIT Interest		\$1,324,614	\$7,616,531	\$1,986,921	\$662,307
Coal Tax	359,597		0	0	0
Loan Repayments	950,670		0	0	250,000
NR Damage Repayments	0	0	0		191,882
Interest (STIP)	50,000	0	0	172,730	191,002
Administrative Fees	50,000	0	0	0	0
State-Owned Project Rev.	335,400	0	0	0	0
Transfer form DFWP	68,000	\$1,799,801	\$8,221,343		\$2,298,224
Total Funds Available	\$7,541,919	\$1,799,001	\$0,221,343	\$5,254,511	\$2,290,224
Appropriation Bond Debt Service	\$1,229,964	\$380,231	\$0	\$0	\$0
DNRE Cent Serv Div	290,081	0	85,611	0	0
DNRE Water Res Div	508,287	0	1,510,617		0
DNRE Water Res Div	0	0	1,573,991	0	0
DNRE Environmental Div	0	0	1,575,771		698,470
Reserved Water Rights	0	0	584,261	0	0
Missouri River Reserv	380,607	0	0	-	0
Poplar River	66,800	0	0	0	0
Water Courts	948,125	0	0	0	0
DSL Cent Mangmt	27,350	_	308,830	0	0
DSL CARD	464,266	_	944,014		0
DSL Water Project Bur	1,405,415		0	0	0
DSL State Water Projects	800,000		0	0	0
Env Quality Council	0	0	26,451	0	0
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Total Appropriations	\$6,120,895	\$822,228	\$5,033,775	\$1,504,068	\$698,470
Projected Available for Grants	\$1,065,768	\$733,180	\$3,187,568		
Water Storage	355,256		,,		
Proj. Biennium Ending Balance	\$0	\$0	\$0	\$1,730,443	\$1,599,754
Envir. Contingency Account (ERA)					\$2,000,000

WATER DEVELOPMENT

The water development loan and grant program was established in 1981 by the legislature. The purpose of the program is to promote and advance the beneficial use of water and allow the citizens of Montana to achieve full use of state water by providing grant and loan financing for water development projects.

Public entities, private individuals, partnerships, and corporations may apply for financing. Grants and loans to public entities must be approved by the legislature, while loans to private entities currently are approved by the DNRC director. Under the proposed reorganization the DSL commissioner would approve private entity loans.

Funding sources for the water development grant program are 0.475% of the gross proceeds of the coal severance tax and 30% of RIT interest. Water development revenues are used to finance agency water development programs consistent with substantive law and related administrative costs; approved projects based upon priority ranking established by the legislature; and, consistent with proposed legislation, 25% of the revenues available for grants are allocated for state water storage projects.

The loan program has a \$10 million general obligation bonding authority and a \$250 million coal severance tax bonding authority. To date \$5.2 million in general obligation bonds have been sold to provide funds for, primarily, private irrigation projects. Also, \$34.8 million of coal severance tax bonds have been sold to provide loans to public entities for irrigation and municipal water and sewer projects. In addition \$25.3 million have been sold for the hydropower retrofit at the state-owned Broadwater project at Toston.

Table 3 lists the water development project recommendations. Projects are listed in priority order. Total funds estimated to be available for projects is \$1,065,768, plus the \$355,256 recommended for water storage projects, for a project total of \$1,421,024.

	Table 3 Water Development Program Project Recommendations Fiscal Years 1992-93		
Applicant	Project Name	Recommended Funding	Accumulative Total
1 Chinook Irrigation District	Milk River Water Supply Project	\$100,000	\$100,000
2 Lower Musselshell Cons. District	Mgmt Tools For Musselshell Riv	72,539	172,539
3 Glasgow Irrigation District	Improving Water Use	100,000	272,539
4 Greenfields Irrigation District	Greenfields Gravity Irrigation	100,000	372,539
5 Montana State Library	Drought Monitoring System	58,364	430,903
6 Flathead Joint Board of Control	Flathead Irrigation Info Sys	92,000	522,903
7 Lewis & Clark County Cons. Dist.	Nilan Water Conservation Project	100,000	622,903
8 Ruby Water Company	Ruby Water Dam-Feasibility Study	14,708	637,611
9 Fort Shaw Irrigation District	Rehab Headworks & "A" System	50,000	687,611
10 Dutton, Town of	Dutton Water Reservoir	91,319	778,930
11 Stockett Water Users Association	Wastewater Treatment/Coll Sys	50,000	828,930
12 Little Beaver Creek Ranch	Fishery Improvement Project	15,000	843,930
13 Phillps Conservation District	Moisture Monitoring Project	53,382	897,312
14 MT Bureau of Mines and Geology	Hydrologic Control	98,778	996,090
15 Granite County Conservation Dist	Demonstration Ice Block	67,787	1,063,877
16 McVee, Charles J.	Cherry Creek Flood Control	21,800	1,085,677
17 River Road Streambank Stab. Assoc	River Road Stabilization	5,000	1,090,677

RENEWABLE RESOURCE DEVELOPMENT

The Renewable Resource Development Loan and Grant Program was established by the legislature in 1975 to provide financial assistance for the conservation, protection, and development of renewable resources in Montana.

The program is available to public entities only. All projects require legislative approval.

Grant funds are generated by 0.475% of the gross proceeds of the coal severance tax and 8% of RIT interest. Renewable resource revenues are used to finance department programs consistent with substantive law and related administrative costs; approved projects based upon priority ranking established by the legislature; and, as recommended in the proposed legislation, 25% of the revenues available for grants are allocated for state water storage projects.

The loan program has \$5 million bonding authority. To date \$1.1 million in bonds have been sold to provide loan funds to approved projects. Table 4 lists the renewable resource development project recommendations. Projects are listed in priority order. Total funds estimated to be available for projects is \$733,180 plus \$244,393 for additional water storage projects, for a project total of \$977,573 for the 1993 biennium.

Table 4						
Renewable	Resource	Development	Program			
Pr	oject Reco	ommendations				
	Fiscal Ye	ars 1992-93				

	riscal rears 1992-93		
		Recommended	
Applicant	Project Name	Funding	Total
1 Jefferson Valley Conserv Dist	Cereal-Legume Cropping Rotations	\$48,677	\$48,677
2 Yellowstone County Cons. Dist	Streambank Reinforcement & Erosion Cont	100,000	148,677
3 MT State Library, NRIS	Montana Water Information System	99,866	248,543
4 Neihart, Town of	Neihart Water System	50,000	298,543
5 MSU/ Montana Watercourse	Montana Watercourse	100,000	398,543
6 Ekalaka, Town of	Water Supply & Storage Project	49,975	448,518
7 MT State Library/NRIS	Heritage Program	99,760	548,278
8 Polson, Town of	Wellhead Protection Program	22,540	570,818
9 Stillwater Conservation District	Evaluation Of Plastic Lining	56,848	627,666
10 Three Forks, Town of	Three Forks Water System Improvements	100,000	727,666
11 Butte-Siver Bow Government	Blacktail Creet Restoration Project	100,000	827,666
12 Broadwater Conservation Dist	Irrigation Water Mgmt; Construction Proj	100,000	927,666
13 Fallon County	Baker Lake Erosion Control & Red Path	15,361	943,027
14 MSU/Local Government Center	Solid Waste Information & Assis. Enter	88,000	1,031,027
15 Dept of Natur Resource & Envir	Beaverhead Co Groundwater Study	100,000	1,131,027
16 Fort Shaw Irrigation District	Rehab And Betterment Study	50,000	1,181,027
17 Darby School District No. 9	School Park	25,300	1,206,327

RECLAMATION AND DEVELOPMENT GRANTS

The reclamation and development grants account is funded from 46% of the interest income from the RIT trust, pursuant to 15-38-202, MCA. The statute sets out the criteria and procedures for grants. Table 5 shows the prioritized list of grants recommended as part of the executive budget. Separate legislation will be presented to appropriate the funds for projects and to establish legislative priorities.

Table 5 Reclamation and Development Grants Project Recommendations Fiscal Years 1992-93

Applicant	Project Name	Recommended	Accumulative
		Funding	Total
1 Butte-Silver Bow Government	WASTEC	\$296,113	\$296,113
2 Chinook Division Irrigation Assoc	Rehab & Betterment Element Of Milk Riv	300,000	596,113
3 Judith Basin Conservation Dist	Community-Led Rural Developement In MT	170,000	766,113
4 DNRE/Central MT Health District	Arro Refinery Sludge Cleanup	300,000	1,066,113
5 MT Board of Oil and Gas	Abandoned Well Plugging Proj. "A"	300,000	1,366,113
6 MT Board of Oil and Gas	Abandoned Well Plugging Project "B"	295,000	1,661,113
7 MT State Library	NRIS, Emphasis On The Nat Herit Prog	227,600	1,888,713
8 MT Salinity Control Assoc	Soil & Water Nonpoint Source	137,500	2,026,213
9 MSU/Reclamation Research Unit	Effect Of Sodium & Total Salts	82,885	2,109,098
10 Carbon County, et al	Integrated Waste Mngnt In SE MT	45,437	2,154,535
11 DNRE/Water Quality Bureau	Nonpoint Pollution Control Proj	146,620	2,301,155
12 MT Mines & Geology, Bureau of	Down Hole GEO Logging Tech/Well	39,749	2,340,904
13 MT Board of Oil and Gas	Abandoned Well Plugging Proj "C"	144,000	2,484,904
14 Toole County	N. Toole County Reclamation Proj	105,000	2,589,904
15 Pesticide County Clean-up Comm	Pesticide Contamination Cleanup	300,000	2,889,904
16 State Lands, Dept of	Well Assessment and Abandonment	300,000	3,189,904
17 DNRE/Water Planning Bureau	Arsenic In Upper MS River Basin	179,330	3,369,234
18 DNRE/Mining Division	Comet Mine Wetlands Development	250,700	3,619,934
19 Glacier County Cons Dist	Compre Eval Of Groundwater Contam	197,453	3,817,387
20 DNRE/Water Quality Bureau	Hydro, Land Use, & Chem Qual Of Nat Res	218,250	4,035,637
21 Fort Peck Assin/Sioux Tribes	Contamination East Poplar Oil Field	290,400	4,326,037
22 Sheridan County Cons Dist	Extent Of Oil Field Waste Contam	134,736	4,460,773
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CULTURAL AND AESTHETIC GRANT PROGRAM

The Cultural and Aesthetic Grant Program began in the 1978-79 biennium. Funding for the program comes from coal tax interest earnings generated by the Parks Acquisition Trust Fund. As provided in 15-35-108, MCA, one-third of the earnings from this non-expendable trust is for cultural and aesthetic purposes. The program, initially administered by the Montana Historical Society, began with a single project aimed at restoration of mural paintings in the Capitol building.

In the FY84-85 biennium, administration of the program was transferred to the Montana Arts Council, and the legislature funded 39 projects. Because of rapid program growth, the Montana Arts Council developed a formal application process. This process continues and includes extensive review work by an advisory panel. The panel's recommendations are submitted to the legislature for consideration. Utilizing the panel's recommendations, the legislature appropriates the available funds for various projects.

Table I lists the total appropriations, amounts expended, and the number of projects for the FY79 through FY91 biennia. It is projected there will be \$1,326,548 available for projects during the 1993 biennium.

Since its inception the program has been authorized to spend \$7 million in trust fund earnings.

Table I History of Cultural & Aesthtic Projects					
Biennium	Appropriated	Expended	Projectss		
78-79	\$50,000	\$50,000	1		
80-81	140,000	140,000	3		
82-83	641,680	602,042	15		
84-85	823,479	810,704	39		
86-87	1,476,511	1,414,114	63		
88-89	1,211,817	1,099,290	52		
90-91	1,298,788	1,295,618	72		
92-93 recommended	\$1,326,548		94		

Funds flowing into the trust fund were diverted to the general fund by the legislature during FY87 through FY91. The executive budget does not continue diverting these funds. The corpus of the trust is approximately \$18 million as of July 1, 1990.

Table 2 presents the prioritized list of projects as requested and as recommended by the advisory council for the 1993 biennium, with an accumulative total. Project 14 is the Arts in Education and Rural Arts Programs included in the Montana Arts Council executive budget as an increase above base recommendation to enable dollar-for-dollar matching federal revenue.

In addition to projects, the executive budget recommends \$140,069 for administration to be funded from the interest earnings, consistent with legislative action in recent biennia.

Table 2
Cultural & Aesthetic Grants Recommendations
FY 92-93

	r	1 92-93		
	WWW. DV D	PEOLIFOR	CAPAC	ACCUMULATIVE
	FINAL BY RANK		RECOMMEND	TOTAL
1	384 MSU Shakespeare in the Parks	\$30,000	\$27,500	\$27,500
2	432 Montana Arts Council	73,628	50,000	77,500
3	433 Montana Inst of the Arts Fndn	20,500	15,000	92,500
4	389 Helena Presents	75,000	30,000	122,500
5	425 Vigilante Theatre Company	28,000	15,500	138,000
6	421 Montana Performing Arts Cnsrt	75,400	40,000	178,000
7	440 Yellowstone Art Center	75,000	50,000	228,000
8	430 UM Montana Repertory Theatre	80,000	50,000	278,000
9	475 MSU KUSM Public Television	64,760	32,500	310,500
10	463 Native American Cultural Inst.	12,000	9,000	319,500
11	455 Alberta Bair Theater Corp.	30,000	10,000	329,500
12	404 Montana Historical Society	73,400	50,000	379,500
13	434 Hockaday Center for the Arts	20,000	15,000	394,500
14	361 Montana Arts Council	70,000	35,000	429,500
15	367 Young Audiences of Western MT	16,145	10,000	439,500
16	392 Missoula Children's Theatre	94,000	35,000	474,500
17	417 Montana Art Gallery Dir Assoc	34,339	25,000	499,500
18	400 International Choral Festival	15,000	5,000	504,500
19	406 Montana Comm for the Humanities	50,000	25,000	529,500
20	474 Watershed Foundation	70,000	27,500	557,000
21	405 Town of Sunburst	50,032	10,000	567,000
22	471 Dull Knife Memorial Coll Lib.	30,000	20,000	587,000
23	396 Aleph Movement Theatre	38,755	10,000	597,000
24	426 Beall Park Art Center	4,100	3,500	600,500
25	447 Custer County Art Center	21,505	15,000	615,500
26	379 Bigfork Center for the Perf. Arts	28,738	15,000	630,500
27	390 Missoula Children's Theatre	53,725	15,000	645,500
28	436 Northern Lights Institute	16,150	10,000	655,500
29	410 Helena Civic Center	20,000	10,000	665,500
30	467 Western Heritage Center	22,110	15,000	680,500
31	378 Paris Gibson Square	7,500	5,000	685,500
32	376 Montanan's for Quality TV	14,800	10,000	695,500
33	477 Fort Peck Fine Arts Council	52,154		715,500
34	473 Montana Indian Art & Cult Assn	22,100	10,000	725,500
35	472 Great Falls Symphony Assn.	12,000	10,000	735,500
36	403 String Orch, of the Rockies	46,440	10,000	745,500
37	366 Yellowstone Chamber Players	18,490	10,000	755,500
38	411 Blackfeet Community College	4,300	2,000	757,500
39	438 Fox Comm. for the Performing Arts	25,000		767,500
40	480 Hellgate Writers, Inc.	56,825		780,500
41	458 Alberta Bair Theater Corp.	10,000		790,500
42	401 Bigfork Center for the Perf. Arts	37,500		810,500
43	386 Glacier Orchestra and Chorale	60,000		835,500
44	427 Beall Park Art Center	15,000		845,500
45	394 Billings Symphony Society	15,000	15,000	860,500

(continued on following page)

	protings	CARAG	
FINAL BY RANK	REQUEST	CAPAC	ACCUMULATIVE
		RECOMMEND	TOTAL
46 441 Yellowstone Art Center	25,000	20,000	880,500
47 370 Clack Museum Foundation	40,000	15,000	895,500
48 445 Gallatin County Historical Society	10,000	10,000	905,500
49 383 MSU Shakespeare in the Parks	20,000	20,000	925,500
50 482 Great Falls Symphony Assn.	42,520	25,000	950,500
51 381 Bitterroot Public Library Fndn	19,770	19,770	970,270
52 483 Carbon County Arts Guild	22,742	5,000	975,270
53 372 Montanan's for Quality TV	18,543	10,000	985,270
54 362 Grandstreet Theatre	15,000	10,000	995,270
55 460 Powder River Historical Soc.	2,064	2,000	997,270
56 437 Livingston Depot Foundation	29,800	12,000	1,009,270
57 380 Montana Ballet Company	10,000	7,500	1,016,770
58 481 Garden City Ballet	18,000	7,500	1,024,270
59 414 Montana Ag Cntr of Ft Benton	4,000	4,000	1,028,270
60 375 Garfield County Library	7,500	5,000	1,033,270
61 420 Custer County Art Center	15,336	7,000	1,040,270
62 402 Helena Symphony Society	20,000	10,000	1,050,270
63 470 Missoula Symphony Association	10,501	5,000	1,055,270
64 388 Montana Assn of Symphony Orch	47,500	10,000	1,065,270
65 422 Montana State Theatre Assn.	5,000	3,000	1,068,270
66 456 Montana Public TV Association	44,087	10,000	1,078,270
67 424 Montana Dance Arts Assn.	6,000	5,000	1,083,270
68 412 Billings Preservation Society	36,469	30,000	1,113,270
69 399 Daly Mansion Preserv. Trust	55,000	15,000	1,128,270
70 371 Blackfeet Community College	3,915	2,000	1,130,270
71 446 Growth Thru Art, Inc.	27,420	10,000	1,140,270
72 486 Broadway 215	13,700	4,000	1,144,270
73 479 Very Special Arts Montana	19,000	10,000	1,154,270
74 478 Celebrate Missoula	31,152	10,000	1,164,270
75 484 Copper Village Museum	20,000	5,000	1,169,270
76 419 Custer County Art Center	21,000	3,000	1,172,270
77 469 Gallatin County Historical Society	4,500	2,500	1,174,770
78 374 Treasure County 89'ers	3,000	3,000	1,177,770
79 465 Granite County Museum/Cult Cnt	40,160	5,000	1,182,770
80 487 Montana Alliance for Arts Ed	6,850	5,000	1,187,770
81 476 Stevensville Museum	3,000	2,500	1,190,270
82 382 Bitterroot Community Band	1,706	1,000	1,191,270
83 450 Montana Puppet Guild	6,997	2,000	1,193,270
84 373 Daly Mansion Preserv. Trust	38,000	15,000	1,208,270
85 466 MSU School of Art	57,250	18,000	1,226,270
86 397 Garnet Preservation Assn.	8,000	5,000	1,231,270
87 423 Big Sky Assn for the Arts	40,000	10,000	1,241,270
88 457 Dillon Depot Restoration Comm.	2,700	2,000	1,243,270
89 393 UM KUFM Radio	6,000	3,000	
		· ·	1,246,270 1,247,270
90 454 Biddle Community Heritage Cntr	19,000	1,000	
91 416 Bitterroot Valley Public TV	30,000	5,000	1,252,270
92 413 Prairie County Museum	3,921	1,000	1,253,270
93 369 Bannack State Park	2,310	2,310	1,255,580
94 364 Milwaukee Rode Cultural Proj.	15,416	2,500	1,258,080
95 435 Bigfork Art & cultural Center	19,764	-	1,277,844
96 488 Museum of Great N. Plains	41,871	-	1,319,715
97 398 Great Falls Geneology Society	4,500	•	1,324,215
98 431 UM School of Fine Arts	25,000		1,349,215

LONG-RANGE BUILDING PROGRAM

The Long-Range Building Program (LRBP) was initiated in 1965 to provide funding for construction and maintenance of state buildings and grounds. The program was developed in order to present a single, comprehensive and prioritized plan for allocating state resources for the purpose of capital construction and maintenance of state-owned facilities.

Cash Building Program Recommendations

Table 1 summarizes the 1993 biennium cash building program recommendations by agency. The long-range building fund (L.R.B.F.) or "cash" account receives 29.11% of the cigarette taxes authorized in 16-11-111, MCA. In addition, Architecture and Engineering Division supervisory fees, interest earnings, and the account balance are credited to this account. The projects recommended to be funded in whole or in part from the state L.R.B.F. number 31 and total \$7,630,938 for the biennium. The last \$1 million of projects is contingent upon return of the FY83 appropriation of a like amount for the Mansfield Center for Pacific Affairs (HB833, Section 7, 1983 Legislature) to the cash account since the funds must be used exclusively for construction of the center in Lake County and the foundation has no plans to commence the construction project.

Table 1 Cash Program Distribution by Agency Proposed 1993 Biennium					
		•	Federal Special		momat
Agency	L.R.B.F.	Revenue	Revenue	Other Funds	TOTAL
Fish Wildlife & Parks	\$0	\$11,601,356	\$2,296,000	\$0	\$13,897,356
Highways	0	1,727,025	0	0	1,727,025
Institutions	1,461,973	335,976	0	0	1,797,949
Military Affairs	360,000	0	17,485,000	0	17,845,000
University System	3,967,085	0	0	9,606,750	13,573,835
All Other Agencies	1,841,880	243,673	875,957	323,014	3,284,524
TOTAL	\$7,630,938	\$13,908,030	\$20,656,957	\$9,929,764	\$52,125,689

Other major "cash" funding sources include Department of Fish, Wildlife and Parks license fees state special revenue, Department of Military Affairs federal special revenue, and university system auxiliary funds. These other cash sources total \$44,494,751 and the total cash program recommended for the biennium is \$52,125,689. There are 56 projects prioritized for inclusion in the cash program, which will be presented in a separate report and included in the capital projects bill.

Bonded Building Program Recommendations

The Governor proposes that the Long-Range Building Program include a \$58.9 million bonded program for five high-priority projects. As shown in Table 2 on the following page, the Department of Institutions would be included for \$19.4 million to construct two high-security units on the Montana State Prison campus and additional support facilities. Correctional system overcrowding is at a crisis level in Montana and the growth in number of inmates has created needs which exceed the resources available in the cash program. There is \$877,500 included in the cash program for the preliminary design work for this correctional system project.

Table 2 Long-Range Building Program Bonded Projects Proposed 1993 Biennium					
		Other Funds			
Project	L.R.B.F.		TOTAL		
1. Expand Prison, Deerlodge,					
and Plan Corrections	\$19,360,745	\$0	\$19,360,745		
Development Statewide					
2. Construct Engineering					
Physical Science Bldg, MSU	17,734,460	0	17,734,460		
3. Construct Business Admin					
Building, UM	12,558,395	0	12,558,395		
4. Construct Gymnasium NMC	0	8,000,000	8,000,000		
5. Renovate Apsaruke Hall EMC	1,228,360	0	1,228,360		
TOTAL	\$50,881,960	\$8,000,000	\$58,881,960		

Montana University System projects are recommended for the remaining \$39.5 million in the bonded program for renovation and new construction of facilities under the Board of Regents, including the construction of an Engineering/Physical Sciences building at MSU and a Business Administration building at UM. There is \$1,841,635 included in the cash program for the preliminary design work for these university system projects. There also is \$800,000 general fund budgeted for the FY93 debt service payment on the general obligation bonds.

Table 3 summarizes the total \$111,007,649 LRBP 1993 biennium recommendations by agency and fund. Montana University System building projects total \$53 million or about 48% of the biennium priorities. Department of Institutions building projects total \$21.2 million or 19% of the biennium priorities. The Department of Military Affairs is recommended for 16% of the total program.

Table 3 Total Long-Range Building Program Distribution By Agency Proposed 1993 Biennium						
		State Special	Federal Special			
Agency	L.R.B.F.	Revenue	Revenue	Other Funds	TOTAL	
Fish, Wildlife and Parks	\$0	\$11,601,356	\$2,296,000	\$0	\$13,897,356	
Dept. of Highways	0	1727025	0	0	\$1,727,025	
Dept. of Institutions	20,822,718	335976	0	0	\$21,158,694	
Dept. of Military Affairs	360,000	O	17485000	0	17,845,000	
Montana University System	35,488,300	0	0	17,606,750	53,095,050	
All Other Agencies	1,841,880	243673	875957	323,014	3,284,524	
TOTAL	\$58,512,898	\$13,908,030	\$20,656,957	\$17,929,764	\$111,007,649	

OIL OVERCHARGE

Oil overcharge monies are allocated to states by the federal Department of Energy (DOE) or the courts as a result of litigation against oil companies for overcharging for their products. The funds are awarded as restitution. States must use the funds to assist those who were harmed.

Oil overcharge monies may not be used to replace state funds and may only be used in authorized program areas. Under DOE regulations, oil overcharge monies are to be allocated by the Governor. He must make signed assurances to the court and DOE that the funds will be expended according to the established criteria. A plan must be submitted to DOE prior to expenditure of the funds. Oil overcharge funds may not be used to supplant state funds.

Limits On The Use Of Funds

Oil overcharge monies may only be spent in the following program areas according to DOE regulations:

- 1. State Energy Conservation Program DNRE
- 2. Constitutional Conservation Program DNRE
- 3. Energy Extension Service DNRE
- 4. Low-Income Energy Assistance Program (LIEAP) SRS
- 5. Low-Income Weatherization Assistance Program SRS
- 6. Highway and bridge maintenance and repair
- 7. Ridesharing programs
- 8. Public transportation projects
- 9. Residential or commercial building energy audits
- 10. Grant or loan programs for weatherization or other energy conservation equipment installation
- 11. Energy assistance programs
- 12. Airport maintenance programs
- 13. Reduction in airport user fees
- 14. Energy conservation or energy research offices or administration

Single Program Plan

The DOE requires that states present a single plan for all oil overcharge monies. The executive budget proposes appropriation of oil overcharge monies in a single piece of legislation to ensure that DNRE can make formal application to DOE following the legislative session.

Allocation of Funds

The allocation of funds is recommended in the following priority order:

- 1. Low-income home weatherization -- \$600,000 from the Exxon payments and \$600,000 from the stripper well payments appropriated to the Department of Social and Rehabilitation services for use in the home weatherization program created in 90-4-201, MCA.
- 2. Matching funds for low-income energy assistance. -- \$100,000 from the stripper well payments to the Department of Social and Rehabilitation Services to match private contributions to Energy Share, Inc. The funds will be used to assist persons not eligible for federal low-income energy assistance whose income is less than 150% of the federal poverty threshold published by the U. S. Bureau of the Census in the most recent edition of its publication, Poverty in the United States.
- 3. Biological agents for weed control -- \$200,000 from the stripper well payments to the Department of Agriculture to continue the collection and distribution of biological agents to control leafy spurge and spotted knapweed. The project will reduce energy consumption by reducing the need for repeated chemical applications.
- 4. Safflower oil as a diesel fuel substitute or extender -- \$200,000 from the stripper well payments to the Department of Natural Resources and Environment for the demonstration of vegetable oil fuel substitutes or extenders designed to reduce petroleum consumption and result in a new potential cash crop for Montana farmers. Stripper well funds will be matched at least dollar for dollar with federal and/or private contributions. The appropriation will be used to: (1) contract with Montana farmers to grow high oleic safflower strains such as Montola 2000, which was developed by Montana State University Agricultural Experiment Station through previous DNRE-funded research; (2) field test additive mixes to minimize polymerization in diesel engines that use vegetable oil fuel; (3) evaluate engine testing results from safflower fuel use; and (4) perform preliminary market development for Montola 2000 or other high oleic strains.

- 5. Technical assistance to local governments -- \$126,000 from the stripper well payments to the Department of Natural Resources and Environment to award a grant to a public or private entity to provide technical assistance to local government entities for the purpose of identifying energy conservation measures.
- 6. Agricultural energy conservation program -- \$100,000 from the stripper well payments to the Department of Natural Resources and Environment for use by the conservation districts in funding local projects such as solar livestock watering systems, stockwater tank insulation and solar heating, and farming techniques to more efficiently use irrigation water, pesticides, and fertilizers.
- 7. Low-income fuel oil tank assistance -- \$200,000 from the stripper well payment to the Department of Social and Rehabilitation Services to be used to assist persons meeting the eligibility criteria in pulling and removing tanks which are losing fuel to the ground pursuant to Title 75, Chapter 11, part 3.
- 8. Institutional conservation program -- \$700,000 from the stripper well payments to the Department of Natural Resources and Environment for use in the Institutional Conservation Program for schools and hospitals administered by the department pursuant to 10 CFR 455.

GRADE CHANGE REPORT

The Grade Change Report is in compliance with 17-7-123, MCA, which requires a report of pay grade changes that have occurred during the 1991 biennium. The report covers positions under the pay schedules adopted in 2-18-303, MCA. Positions exempt from these pay schedules are not included. The report includes data on the cost of the grade change and a reason for the grade change. The changes are from the period July 1, 1989, through July 13, 1990.

Only summary tables are included in this budget document. A detailed list of positions that have changed is available from the Office of Budget and Program Planning and the Legislative Fiscal Analyst. The narrative below explains how to interpret the data in the report. The data for the Grade Change Report was compiled by the State Personnel Division, Department of Administration.

Costs

The cost associated with each grade change was calculated using the FY91 pay schedules established in 2-18-303, MCA. The cost of grade changes was calculated based only on the change in grade and is not related to incumbents or whether the position was vacant during part of the reporting period. To ensure uniformity all calculations were based upon the annual rate for the grade at step 2 in the pay schedule. The grade change was assumed to be effective at the beginning of each fiscal year. FTE information for each university system position is not readily available so they all were calculated on the assumption that each position is equal to 1.00 FTE.

Because of the methods of calculation and assumptions used, the cost is not a true cost for the 1991 biennium. The effect of the grade change reflects the annual increase or decrease for each position for FY92 and FY93 provided there are no further grade changes.

Reasons For Grade Changes

Grade changes are reported by the reason for the change. The explanation of reasons for grade changes are divided into three categories: agency management initiated; Classification Bureau initiated; and employee appeals. To understand why grade changes occur, it is necessary to explain some basics of how the state classification system works. One of the reasons for a classification system is to determine how an employee should be compensated for performing the work assigned to a position. Specific criteria such as complexity of work, accountability, and responsibility are used to group positions into classes and to rank classes in a grade hierarchy from one to twenty-five.

All positions were classified in 1975, and all positions added since have been allocated to an appropriate class. However, this does not mean that original titles and grades remain the same. The classifications of positions can and do change. There are two major reasons why there is change: the assigned duties and responsibilities are changed, or it is determined that the position was originally incorrectly classified.

Agency Management Initiated Actions

An agency can initiate an action to reclassify a position at anytime. These actions originate when an agency changes the duties and responsibilities of a position. Duties change because of reorganizations, changes in programs, changes in equipment, reductions in force, and other related reasons. Usually when such a change occurs the resulting grade change is one or two grades within the same or similar class series. Some changes to positions result when the agency wants to use the position for a completely different purpose. An example of this is changing a clerical position into a lawyer position.

Many grade changes occur due to the administration of a class series career ladder. Some class series are administered in such a way that as a new employee gains experience and training, duties and responsibilities change. This results in the position being upgraded. This also works in reverse; when a upper level position becomes vacant, it is downgraded and filled at the entry level. Examples include Civil Engineers in the Highway Department, Information Systems Specialists, Bank Examiners, and Data Entry Operators. The Highway Patrol Officer series and Teachers also are administered in a similar manner, except that the salient requirements to advance to a higher level are the results of collective bargaining.

In initiating reclassification actions, agencies are required to document the duties and responsibilities of a position on a Position Description Form, provide justification, and make a recommendation on what kind of change is wanted. Except for some delegated actions, the Classification Bureau staff in the State Personnel Division reviews agency requests to ensure that they meet classification criteria and approves all classification actions.

Classification Bureau Initiated Actions

MCA 2-18-203 provides that the Department of Administration shall continuously review all positions on a regular basis. On an ongoing basis, reviews are conducted in order to rewrite class specifications, to make changes and improvements in methodology, and to address problems in the administration of a particular class. Changes in positions result when it is determined that a position is in the wrong class or the grade of an entire class should be

Table 1
Grade Change Report

	Fisc	al Ye	ar 1991			
Agency	FTE	Upg	rades	Down	grades	NetCost
	06/30/90	#	%	#	%	91 BI
Gov. Office	65.20	4	6.13%	0	0.00%	\$18,366
Fish Wlife Pks	577.35	32	5.54%	13	2.25%	68,007
Hlth & Env Sci	322.45	18	5.58%	17	5.27%	(24,048)
Hwys Dept.	1933.83	65	3.36%	27	1.40%	138,268
State Lands	335.32	57	17.00%	1	0.30%	194,051
Livestock	116.71	7	6.00%	4	3.43%	17,819
Nat Resr & Cons	265.16	38	14.33%	6	2.26%	138,725
Revenue	799.99	43	5.38%	15	1.88%	118,764
Administration	373.59	39	10.44%	14	3.75%	140,341
Agriculture	94.05	4	4.25%	1	1.06%	4,850
Institutions*	2093.74	398	19.01%	38	1.81%	777,019
Commerce	336.33	14	4.16%	5	1.49%	31,406
Labor & Indust.	763.87	55	7.20%	15	1.96%	120,690
Military Affairs	97.75	1	1.02%	0	0.00%	7,709
Soc & Rehab Serv	886.08	59	6.66%	23	2.60%	220,612
Family Services	567.22	51	8.99%	6	1.06%	166,778
Sec. State	26.00	3	11.54%	0	0.00%	13,160
Comm Pol Prac	3.00	0	0.00%	0	0.00%	0
Auditor	66.00	0	0.00%	0	0.00%	0
Office Pub Inst	127.73	6	4.70%	1	0.78%	14,056
Brd Crime Cntrl	16.85	0	0.00%	0	0.00%	0
Hwy Trfc Sfty	8.50	0	0.00%	0	0.00%	0
Justice	600.50	37	6.16%	28	4.66%	31,072
Pub Serv Comm	46.00	1	2.17%	0	0.00%	2,618
Brd Pub. Ed.	88.54	0	0.00%	0	0.00%	0
State Library	29.35	7	23.85%	1	3.41%	14,268
Hist. Society	50.28	2	3.98%	5	9.94%	(21,182)
Mt. Arts Councl	7.97	0	0.00%	3	37.64%	(12,058)
Vo Ed Adv Cncl	2.50	0	0.00%	0	0.00%	0
Total	10,704	943	8.81%	223	2.08%	\$2,181,291

^{*} most of these upgrades were anticipated and budgeted by the Fifty-first Legislative Session.

University 2650 160 6.04% 26 0.98% \$410,941 System changed. The bureau also initiates reviews as a result of changes made through the appeals process. Occasionally a decision made in the appeals process has a "domino effect" on other positions.

Reviews conducted by the bureau can be viewed as an audit function that is important to ensure (1) the integrity of the classification system and (2) that agencies are administering the system correctly. Typically, when the bureau initiates a change, agencies are consulted and arrangements are made so that they can plan for and absorb the impact.

Appeals

An employee can initiate an action to change his/her classification by filing an appeal. The appeals process is administered by the Board of Personnel Appeals (BPA). The law allows employees to appeal the allocation of their position to a class. The grade of the class is not appealable (2-18-203, MCA).

When an appeal is filed, the decision to change a position is made by the Classification Bureau (step III) or by the BPA (step IV of the appeals process). When the BPA upgrades a position it is disagreeing with the Classification Bureau.

Summary

The explanation for each grade change is shown in the report as follows:

- A. Agency Management Initiated Changes
 - 1. Change in duties due to reorganizations, program changes, reduction in force, equipment changes, etc.
 - 2. Different use of an FTE
 - 3. Administration of class series career ladders
 - 4. Administration of collective bargaining agreements
 - 5. Other
- B. Classification Bureau Initiated Changes
 - 1. Class series reviews and revision in class specifications.
 - 2. Other (follow through on appeals, correct errors, etc.)

C. Appeals

1. Changes made by the classification Bureau at Step III.

2. Changes made by the BPA at Step IV.

The two tables in this section summarize the grade changes:

Table 1: Agency summary of number of grade changes and changes as a percentage of FTE for the 1991 biennium.

Table 2: Statewide summary of number of grade changes by reason for the 1991 biennium.

	Table 2 de Change Repo			
	Upgrade	es FY91	Downgrades	FY91
A Agaman Initiated	#	%	#	%
A. Agency Initiated 1. Changes In Duties	520	46.55%	115	48.3%
2. Different Use Of FTE	78		38	16.0%
3. Career Ladder		4.03%	35	14.7%
4. Bargaining Agreements	161		22	
5. Other	51	4.57%	8	3.4%
Subtotal	855	76.54%	218	91.6%
B. Classification Bureau				
1. Class Reviews	251	22.47%	30	12.6%
2. Other	4	0.36%	2	0.8%
Subtotal	255	22.83%	32	13.4%
C. Appeals				
1. Classification Bureau	6	0.54%	0	0.0%
2. Board Of Pers Appeals	1	0.09%	0	0.0%
Subtotal	7	0.63%	0	0.0%
Grand Total	1117		250	
Percent Of FTE	8.40%		1.88%	

BUDGET PARAMETERS

Numerous adjustments to the FY91 appropriation base were made in all agencies to arrive at the recommended executive budget for the 1993 biennium. The adjustments are discussed below.

Personal Services

Personal services were budgeted based on incumbent data as of the payroll period ending January 26, 1990. Grade changes approved by the Personnel Division of the Department of Administration between January 26, 1990, and June 29, 1990, were incorporated into the executive budget recommendations.

Worker's Compensation and Unemployment Insurance rates vary from agency to agency. Each agency has a different rate based on its own experience. FY91 experience modification factors were not altered for the 1993 biennium. However, the underlying, basic Worker's Compensation rates for FY91 were adjusted to projected FY92 and FY93 levels to reflect advice provided by representatives of the State Mutual Insurance Compensation Fund. FY91 rates were used for Unemployment Insurance.

The employers contribution for retirement systems was altered for the biennium when appropriate. The rate for the Public Employees Retirement System (PERS) is increased from 6.417% for FY92 to 6.55% for FY93. The rate for the Teachers Retirement System (TRS) is not scheduled to increase and was maintained at 7.459%. The health insurance contribution was funded at \$180 per month per employee.

Vacancy savings was not applied in the executive budget. Personal services are fully funded.

Inflation

A general, across-the-board inflation factor was not applied to agency budgets for the 1993 biennium. Instead, selected expenditure items were inflated. Table 1 on the following page lists the expenditure items that were adjusted and the rate of inflation/deflation that was applied.

Department of Administration Rent

Agencies within the capitol complex pay "rent" to the Department of Administration. This charge pays for custodial contracts, mechanical contracts, and utilities, as well as the staff responsible for the physical plant. This charge allows the state to collect monies from non-general fund sources for their share of the cost of "rent". The executive budget includes rates of \$3.28 and \$3.34 per square foot for office space in FY92 and FY93 respectively, and \$2.22 per square foot for warehouse space in both FY92 and FY93. Total capitol complex rent contained in agency budgets is \$2,860,203 in FY92 and \$2,910,792 in FY93.

Grounds Maintenance

The Department of Fish, Wildlife, and Parks charges a fee to all agencies located in the capitol complex for grounds maintenance. This fee pays for the capitol grounds maintenance, snow removal, and water charges as well as associated staff. This arrangement allows the state to collect monies from non-general fund sources for their share of the costs. The executive budget includes fees of \$0.275 per square foot of office space each year of the 1993 biennium. Although this rate does not include any inflation contracted services, it does include increases above the base of \$29,126 in FY92 and \$29,140 in FY93 as follows: (1) \$15,800 per year for tree and shrub replacement due to severe '88-89 winter damage which would result in more costly long-term insect/disease damage to other trees if deferred for another biennium; (2) temporary 0.50 FTE labor to replace trees and shrubs at \$7,800 per year; and (3) snow removal pay adjustment upward from \$4.91 per hour to grade 8 step 1 at a cost of approximately \$5,500 per year in order to provide some assurance services will be available upon call. In addition, the Department of Administration will be developing plans for wells to provide irrigation water for the capitol complex as a future cost-reduction measure.

Insurance

The Department of Administration, Tort Claims Division, provides general comprehensive liability, auto liability, property insurance, and other insurance for state agencies. The executive budget contains projected rates for each agency in FY92 and FY93. The general comprehensive liability insurance is self insured by the state. Rates for each state agency are determined by the Tort Claims Division based on a five-factor formula including paid losses over the last five years, experience since the inception of the program, FTE level, appropriation level, and prior billing. The statewide charges for general comprehensive liability increased by 6.0% from FY91 to FY92 and by 12.4% from FY91 to FY93. Automobile liability insurance rates are projected to remain unchanged, although the total costs to the agencies increase by 12.7% over the FY91 appropriations. Property insurance is budgeted to increase by 10% from FY91 to FY92 and by 21% from FY91 to FY93. Other insurance categories include boiler, aircraft, helicopter, inland marine, and employee bonds. Total DoA insurance costs are budgeted at nearly \$4 million in FY92 and \$4.2 million in FY93.

Table 1 Executive Budget Inflation/(Deflation) Factors

Exp.	Inflation/(Defla	tion) Percent
Code Name	FY91/FY92	FY91/FY93
2163 Typesetting	2.00	2.00
2172 Computer Processing	(19.00)	(27.00)
2175 System Development 2177 Information Center	3.00 7.00	6.00 14.00
2183 Operation Support	(14.50)	(14.50)
2190 Printing/P&G	2.00	4.00
2191 Printing/Other Provider	4.00	8.00
2192 Graphic Arts	2.00	2.00
2193 Photocopy Pool Services	6.00	12.00
2205 Food* 2209 Medical	7.44 6.20	11.80 12.89
2211 Course Paper	6.00	12.00
2216 Gasoline	15.60	14.90
2219 Forms	6.00	12.00
2222 Drugs	6.20	12.89
2223 X-Rays	6.20	12.89
2225 Books/Reference Materials 2226 Fine & Computer Paper	5.30 6.00	10.57 12.00
2236 Office Supplies	(3.00)	(2.00)
2242 Diesel Fuel	15.60	14.90
2249 EKG and EEG Supplies	6.20	12.89
2250 Hospital	6.20	12.89
2251 Meat*	7.44	11.80
2252 Dairy* 2253 Produce*	7.44	11.80
2254 Bakery*	7.44 7.44	11.80 11.80
2256 Janitorial Supplies	6.00	12.00
2264 Grocery*	7.44	11.80
2265 Misc. Medications	6.20	12.89
2275 Poultry*	7.44	11.80
2277 Sugar*	7.44	11.80
2278 Beverages* 2279 Red Meat*	7.44 7.44	11.80
2288 Canned Goods*	7.44	11.80 11.80
2291 Sea Food*	7.44	11.80
2292 Pork*	7.44	11.80
2304 Postage	20.00	20.00
2307 "Deadhead" Mail Service	21.00	21.00
2370 Telephone Equip (DoA)	0.00 5.00	(5.00)
2371 Telephone Equip 2372 Telephone Move	4.00	10.00 8.00
2376 Local Voice	5.00	10.00
2378 Voice Circ. Move	4.00	8.00
2379 Local Data Circ	5.00	10.00
2385 Long Distance (DoA)	(3.00)	(3.00)
2404 Motor Pool Travel	(10.12)	(0.72)
2414 Out-of-State Travel 2601 Electricity MDU	(10.12) 2.87	(0.72) 2.87
2601 Electricity MPC	(3.70)	(8.68)
2602 Fuel Oil	15.60	14.90
2603 Natural Gas MDU	3.99	8.42
2603 Natural Gas MPC	1.00	3.93
2724 Oil	15.60	14.90
2725 Transmission Fluid 2726 Grease and Lube	15.60 15.60	14.90 14.90
2732 Paint - Traffic Lane	15.60	14.90
2738 Road Oil	15.60	14.90
2742 Oil Mixed Materials	15.60	14.90
2905 Books	5.30	10.57
3402 Single User Software	8.00	8.00

^{*} Inflation applied to FY90 actual expenditures of selected agencies. In all other cases, the adjustments were applied to FY91 appropriation levels.

Audit Costs

Estimated costs for the 1993 biennium financial-compliance audit were provided by the Office of the Legislative Auditor and included in the executive budget. The projected costs include an additional 4.50 FTE, which represent one-half of the total number requested by the Legislative Audit Committee after charges were budgeted. Total statewide costs associated with the audit are budgeted to increase by 17.7% from the 1991 biennium to the 1993 biennium with a 1993 biennial total of \$2,648,190.

Payroll Processing Charges

Total payroll processing charges decrease from \$393,154 in FY91 to \$359,148 in FY92 and \$362,532 in FY93.

Other Adjustments

Base adjustments were made to remove one-time appropriations from the FY91 appropriation base. Positive adjustments were reviewed on a case-by-case basis. Equipment appropriations were treated as zero base items but the FY91 appropriation for equipment was left in the base. When additional equipment purchases were allowed, prices were taken from the term contract and price lists provided by the Procurement and Printing Division of the Department of Administration when possible. The Procurement and Printing Division also provided inflation factors for items purchased through Central Stores that were included in the executive budget.

FY90 Actual and FY91 Appropriated Columns

These two columns in the executive budget book include actual expenditures in the first year and appropriations in the second year for the following: HB100 general appropriations act, including one-time items, HB786 pay plan, both ongoing and one-time cat and dog appropriations, biennial appropriations, administrative authorizations which transferred authority from one agency to another without increasing the total appropriations authorized by the legislature, language and statutory appropriations, appropriation transfers (supplementals) for FY90 only, and all budget amendments approved through the October 1990 Legislative Finance Committee meeting. Inclusion of these appropriations is required by law in 17-7-123, MCA, which prescribes the form of the executive budget, including actual disbursements for the completed fiscal year of the current biennium (FY90) and estimated disbursements for the current fiscal year (FY91).

FY92 and FY93 Base Columns

Budget statutes 17-7-123, MCA, require the executive to submit a budget for "current level" funding which is defined in 17-7-101, MCA, as "...that level of funding required to maintain operations and services at the level authorized by the previous legislature after adjustment for inflation." In previous biennia, the even-numbered year actual expenditures have been increased for inflation and fixed cost adjustments and then increased again for all of the budget modifications approved in the Executive Planning Process for inclusion in the Governor's budgets. Using actual expenditures to drive the "base" for budget preparation in prior biennia provided an enormous incentive for all state agencies "to spend every dime" of appropriation authority in each even-numbered year. The Office of Budget and Program Planning used to receive in May and June of each even-numbered year operating budget changes to enable agencies to purchase supplies and equipment as close to the maximum level of total agency authority as possible. In addition, this practice resulted in a budget that reflected actual expenditure patterns of each agency which may or may not have been similar to how the legislature appropriated the funds.

For the first time, the 1993 biennium budget uses the odd-numbered year appropriated level, in this case FY91, as the base for developing agency budgets for the following biennium. In addition to eliminating the "spend every dime" incentive, use of FY91 appropriations for the base enabled OBPP, the LFA, and the agencies to work together over several months identifying one-time appropriations which needed to be removed from the base. Moreover, other adjustments such as non-discretionary increases to the base resulted in agreements on inclusion of the following items: (1) AFDC caseloads, (2) general assistance caseloads, (3) state medical caseloads, (4) public school ANB enrollments, (5) community college enrollments, and (6) university enrollments.

Ideally, OBPP and LFA agreement on the current level base would have included concurrence on inflation factors, pursuant to 17-7-701, MCA. This would have enabled the 1991 Legislature to begin budget deliberations with a base provided by the executive budget and a current level provided by the LFA which were nearly identical. However, concurrence on inflation factors was not achieved. OBPP and the LFA could not agree on some fixed cost rates and the application of across-the-board inflation. The executive branch was concerned that across-the-board inflation would drive up government costs unnecessarily and, therefore, the executive budget recommends only applying inflation to the expenditures listed above in Table 1.

Non-Department of Administration fixed costs, such as rent increases in other cities and towns, long-distance telephone charges, and maintenance contracts in other communities, also were included by the OBPP and the LFA as base current level adjustments.

Detailed Agency Narratives

Although current law requires in 17-7-123, MCA, that the executive budget include "a statement of departmental goals and objectives and a statement of goals and objectives for each program of the department" this information has never been published in the budget. Rather, it has been provided by departments to the OBPP, which in turn provided copies to the LFA and made the information available to the media, public interest groups, and the general public upon request.

For the first time, the intent of current law will be met through executive publication of three volumes of comprehensive agency narratives organized by appropriations subcommittee. The agency narrative will include not only the goals and objectives as required by law, but also department mission statements, organization charts, statutory authorization for work plans and responsibilities, and performance indicators which show the significant workload measures and accomplishments by fiscal year. Provision of this comprehensive information for use by the legislature during appropriations deliberations will enable more informed decision making. It also will begin to provide baseline data for use in future legislative sessions.

Because the program detail presented to the legislature is greatly expanded in these agency narratives, the 1993 biennium executive budget does not duplicate this program information and is, therefor, smaller than recent executive budget books.

SUMMARY OF TOTAL DISBURSEMENTS

Table 1
Summary of Total Disbursements
By Object Code

Object	Description	Actual FY 90	Budgeted FY 91	Recommended FY 92	Recommended FY 93
1000	PERCONAL CORPUTABLE		23,885,397		
1000 1100	PERSONAL SERVICES SALARIES	314,959,628.00	338,896,509	368,444,911	367,555,172
1200	HOURLY WAGES	9,119,451.00	557,593	260,085	260,085
1300	OTHER COMPENSATION	537,216.00	432,352	414,215	414,215
1400	EMPLOYEE BENEFITS	75,555,142.00	45,603,773	45,657,366	46,119,178
1500	HEALTH INSURANCE		20,201,336	20,371,715	20,325,265
1600	VACANCY SAVINGS				
1900	PERSONAL SERVICES-OTHER	(1,176,651.00)	(2,860,907)	(1)	(1)
	TOTAL LEVEL	398,994,786.00	426,716,053	435,148,291	434,673,914
2000	OPERATING EXPENSES		9,379,552	3,709,708	3,709,708
2100	OTHER SERVICES	210,035,374.00	262,451,109	256,937,049	220,726,337
2200	SUPPLIES & MATERIALS	27,916,724.00	22,049,608	26,043,016	26,297,926
2300	COMMUNICATIONS	21,980,179.00	18,020,805	21,895,710	21,856,970
2400	TRAVEL	13,696,723.00	11,684,574	13,793,532	13,973,557
2500	RENT	21,617,305.00	23,669,735	25,051,112	25,652,522
2600	UTILITIES	12,426,063.00	9,445,551	13,380,647	13,269,148
2700	REPAIR & MAINTENANCE	33,934,599.00	29,980,758	35,628,147	35,456,157
2800	OTHER EXPENSES	26,150,327.00	41,928,870	40,308,794	40,419,197
2900	GOODS PURCHASED FOR RESALE	35,878,144.00	4,203,846	36,253,392	36,430,306
	TOTAL LEVEL	403,635,438.00	432,814,408	473,001,107	437,791,828
3000	EQUIPMENT & INTANGIBLE ASSE		821,489	466,022	465,529
3100	EOUIPMENT	21,456,235.00	17,072,815	21,921,895	18,630,960
3200	LIVESTOCK	8,537.00	4,100	30,000	27,400
3300	CAPITAL LEASES - EQUIPMENT	3,624.00	5,100	6,208	6,208
3400	INTANGIBLE ASSETS	539,824.00	292,092	364,102	297,127
3500	INSTALLMENT PURCHASES - EQU	339,024.00	232,092	304,102	291,121
	TOTAL LEVEL	22,008,220.00	18,195,596	22,788,227	19,427,224
4000	CAPITAL OUTLAY	23,267,025.00	19,319,659	16,810,325	8,413,400
5000	LOCAL ASSISTANCE	351,489,971.00	487,543,574	505,655,276	503,564,441
6000	GRANTS	88,102,154.00	121,579,310	109,897,307	108,847,179
7000	BENEFITS & CLAIMS	361,536,110.00	371,062,244	501,633,720	545,622,674
8000	TRANSFERS	233,763,196.00	223,398,027	186,943,578	181,451,108
9000	DEBT SERVICE	5,152,756.00	5,740,739	12,454,477	11,964,973
	TOTAL PROGRAM	1,887,949,656.00	2,100,309,010	2,264,332,308	2,251,756,741
1000	PERSONAL SERVICES	21.13%	20.26%	19.22%	19.30%
2000	OPERATING EXPENSES	21.38%	20.55%	20.89%	19.44%
3000	EQUIPMENT & INTANGIBLE ASSETS	1.17%	0.86%	1.01%	0.86%
4000	CAPITAL OUTLAY	1.23%	0.92%	0.74%	0.37%
5000	LOCAL ASSISTANCE	18.62%	23.15%	22.33%	22.36%
6000	GRANTS	4.67%	5.77%	4.85%	4.83%
7000	BENEFITS & CLAIMS	19.15%	17.62%	22.15%	24.23%
		27 4 2 3 0	2020		220
	TRANSFERS	12 389	10.619	8.269	8.069
8000	TRANSFERS DEBT SERVICE	12.38%	10.61%	8.26% 0.55%	8.06% 0.53%

LEGISLATIVE AUDITOR

\$2,186,952 \$2,262,580 \$272,643 \$2,535,223 \$2,252,115 \$270,154	Full Time Equivalent Employees Personal Services Operating Expenses Equipment Total Agency Costs General Fund State Special Revenue Fund Total Funding Costs	Fiscal 1990 Actual 60.00 1,777,380.78 248,611.31 33,525.18 \$2,059,517.27 1,024,930.16 1,034,587.11 \$2,059,517.27 2 059,517.27	Fiscal 1991 Appropriated 60.00 1,856,168 298,057 32,727 32,727 32,727 32,186,952 1,119,316 1,067,636 \$2,186,952	Base 60.00 1,929,980 299,873 32,727 \$2,262,580 1,153,916 1,108,664 \$2,262,580	Fiscal 1992 Incr/Decr R 10,341 5272,643 133,596 5272,643 133,596 5272,643	Fiscal 1992 Incr/Decr Recommended 9.00 69.00 224,939 2,154,919 37,363 337,236 10,341 43,068 \$272,643 \$2,535,223 133,596 1,242,260 \$272,643 2,535,223	8ase 60.00 1,928,077 291,311 32,727 \$2,252,115 1,148,579 1,103,536 \$2,252,115	Fiscal 1993 Incr/Decr Rec 9.00 224,429 20,823 24,902 8270,154 137,776 132,378 8270,154	Fiscal 1993 Incr/Decr Recommended 9.00 69.00 224,429 2,152,506 20,823 312,134 24,902 57,629 \$270,154 \$2,522,269 137,776 1,286,355 132,378 1,235,914 \$270,154 \$2,522,269
		\$2,059,517.27	\$2,186,952	\$2,262,580	\$272,643	\$2,535,223	\$2,252,115	\$270,154	\$2,522,269

Agency Description

The Office of the Legislative Auditor was established in 1967 and is governed by the Legislative Audit Act, contained in Title 5, Chapter 13, MCA. Article V, Section 10(4) of the 1972 Montana Constitution mandates a legislative post-audit function.

The three functional components of the agency are: Financial-Compliance Audit, Performance Audit, and Operations/Electronic Data Processing (EDP). An annual statewide financial audit is conducted as well as biennial financial-compliance audits of all state agencies. Legislatively-requested audits and performance audits are conducted independently to determine effectiveness, efficiency, and compliance with laws, rules, goals, and objectives. EDP audits are evaluations of data processing systems and countrols. These audits are conducted independently and in conjunction with financial-compliance and performance audits.

The office works under the general supervision of the bipartisan Legislative Audit Committee. The committee members are evenly divided between the Senate and House of Representatives. The office assists the legislature by providing it with factual audit information about the operation of state agencies and, during legislative sessions, by gathering and analyzing information relating to the fiscal affairs of state government.

Budget Issues

Budget Submitted as Requested

This budget is presented as submitted by the agency in accordance with 17-7-122(2),

MCA. Increases over base are summarized below.

1. There is a 9.00 FTE increase: 3.00 financial-compliance auditors, 3.00 performance auditors, 2.00 EDP auditors, and 1.00 clerical staff. The additional staff will be used to meet statutory, federal, and legislative requirements. The total biennial cost is \$470,000,

2. Implementation of the Office of Legislative Auditor portion of the Legislative Branch Office Automation Plan includes ensuring compatibility among branch agencies, implementing an EDP equipment replacement plan, and planning for future technology.

implementing an EDP equipment replacement plan, and planning for future technology. The total biennial cost is \$37,400, including \$19,100 general fund.

3. Other increases above base include consultant contracts, data processing fees, printing, subscriptions and computer equipment. The total for the biennium is \$35,400, including \$18,000 general fund.

ncreases Approved for Executive Planning

There were 4.50 FTE additional audit positions approved during the executive planning process and included in the base for state agencies as fixed cost audit fees. The costs for these positions were included in the executive planning process for the Legislative Auditor budget at \$215,000 for the biennium and are funded by all state revenue sources through legislative audit fees. Although this was the only increase approved under the process established for all state agencies, the Legislative Audit Committee subsequently approved submission of a 1993 biennium budget with a 9.00 FTE increase. The additional 4.50 FTE are supported solely with general fund.

LEGISLATIVE FISCAL ANALYST

Fiscal 1993se Incr/Decr Recommended	0 .00 18.00	11 -2,203 696,998 9 -4,822 162,417 0 0 2,500 0 0 0 0 8-7,025 \$861,915	0 -7,025 861,915 0 \$-7,025 \$861,915 0 -7,025 861,915 0 \$-7,025 861,915
Base	18.00	699,201 167,239 2,500 0 0 0 8868,940	868,940 \$868,940 868,940 \$868,940
iscal 1992Incr/Decr Recommended	17.50	688,679 122,983 2,500 0 8814,162	\$14,162 \$814,162 814,162 \$814,162
Fiscal 1992 Incr/Decr R	00.	8,789 12,771 0 0 0 \$21,560	\$21,560 \$21,560 \$21,560 \$21,560
Base	17.50	679,890 110,212 2,500 0 8792,602	792,602 \$792,602 792,602 \$792,602
Fiscal 1991 Appropriated	18.00	724,745 213,309 40,297 0 8978,351	978,351 \$978,351 978,351
Fiscal 1990 Actual	s 18.00	\$85,338.40 111,457.97 17,818.02 1,406.70 \$716,021.09	716,021.09 \$716,021.09 \$716,021.09
	Full Time Equivalent Employees	Personal Services Operating Expenses Equipment Debt Service Total Agency Costs	General Fund Total Funding Costs Analysis and Review Total Program Costs

Agency Description

The Office of the Legislative Fiscal Analyst (LFA) was established in 1974 and is governed by Title 5, Chapter 12, MCA. The same legislation also established the Legislative Finance Committee. The LFA is responsible for providing the legislature with estimates of state revenue, analyses of agency budget requests and operations, analyses of the Governor's Executive Budget and the executive branch execution of legislative intent, and other financial assistance to the legislature and individual legislators.

Budget Issues

The budget is presented as submitted by the agency in accordance with 17-7-122(2), MCA. Increases over base are summarized below.

1. There is a \$20,000 biennial contingency for special needs of the Legislative Finance Committee, with \$10,000 allocated to each year of the biennium. Similar biennial appropriations have been approved for the past three biennia.

2. Other increases above base include printing costs, books, office supplies, and subscriptions.

LEGISLATIVE COUNCIL

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	scal 1992Incr/Decr Recommended	Base	Fiscal 1993 Incr/Decr	iscal 1993Incr/Decr Recommended
Full Time Equivalent Employees	43.70	53.70	43.70	2.00	45.70	53.70	2.00	55.70
Personal Services Operating Expenses Equipment Total Agency Costs	1,261,819.44 1,001,030.42 120,725.87 \$2,383,575.73	1,572,464 1,163,824 86,861 \$2,823,149	1,376,251 930,003 86,500 \$2,392,754	145,032 397,793 23,548 \$566,373	1,521,283 1,327,796 110,048 \$2,959,127	1,569,283 1,076,771 86,500 \$2,732,554	211,007 -60,584 -12,443 \$137,980	1,780,290 1,016,187 74,057 \$2,870,534
General Fund State Special Revenue Fund Total Funding Costs	1,970,983.45 412,592.28 \$2,383,575.73	2,496,706 326,443 \$2,823,149	2,030,897 361,857 82,392,754	-129,966 696,339 \$566,373	1,900,931 1,058,196 \$2,959,127	2,359,370 373,184 \$2,732,554	-319 138,299 \$137,980	2,359,051 511,483 \$2,870,534
Legislative Council Feed Bill Interim Studies & Conferences Reimbursable Activities Legislative Council Total Program Costs	156,643.72 161,597.90 403,462.02 1,661,872.09 \$2,383,575.73	68,703 277,998 283,573 2,192,875 \$2,823,149	0 186,335 355,857 1,850,562 \$2,392,754	0 118,352 237,613 210,408 \$\$66,373	304,687 593,470 2,060,970 \$2,959,127	186,342 367,184 2,179,028 \$2,732,554	0 118,336 -116,064 135,708 \$137,980	304,678 251,120 2,314,736 \$2,870,534

Agency Description

The Legislative Council provides a variety of support services to the legislature under the general supervision of an eight member bi-partisan committee composed of four members equipment, engrossing and enrolling of bills, printing and distribution of legislative Annotations, provision of legislative research and reference services, committee staffing, legal counseling for the legislature, business management services, provision of interim investigation authority, service as the agency of interstate cooperation, provision of public of the House of Representatives and four members of the Senate. Council services include bill drafting, clerical preparation of bills for introduction using automated proceedings, session laws, journals, and the corresponding indexes of the house and senate, preparation and publication of the Montana Code Annotated Statute Text and council was established in 1957 with principal statutory authority contained in Title 5, information about the legislature, and other services as assigned by the legislature. Chapters 5 and 11, and Title 1, Chapter 11, MCA.

Budget Issues

The budget is presented as submitted by the agency in accordance with 17-7-122(2), MCA. Increases over base are summarized below.

Interim Studies and Conferences

There is \$36,700 in commission salaries and operating expenses for the Districting and Apportionment Commission. The commission is responsible for submission of a plan for

congressional and legislative redistricting to the legislature following receipt of the federal decennial census figures. The commission is expected to hold approximately 20 meetings during the biennium, with about half of the meetings to be a combination of work sessions and public hearings to promote public participation. A separate \$149,700 request for technical support for this effort is identified below as part of the council operations

2. An increase of \$131,900 is requested for full funding of interstate organization dues, travel for more legislative participation in these organizations, and additional member COMPensation.

3. An increase of \$68,000 for full funding of the prioritized legislative interim study program is requested. The increase is comprised of salaries and operating expenses.

Legislative Council Operations

- There is added \$64,500 for the FY92-93 portion of the FY91 base adjustment made for the new council classification and pay plan for staff plus separate salary adjustments for management. These salary increases were implemented in FY91 and this increase carries them forward.
 - 2. There also is added \$117,700 for the FY92-93 portion of the council classification and
 - pay plan increase for staff plus separate adjustments for management.

 3. Two additional FTE are included at a biennial expense of \$111150
- 3. Two additional FTE are included at a biennial expense of \$111,500. The new FTE are permanent staff positions for a director of the management division and a
- programmer analyst.

 4. The council also is requesting \$149,700 for computer equipment and software, system. development, system maintenance, and training costs associated with technical support of

the Districting and Apportionment Commission.

Other Issues

All of the increases over base identified above are general fund increases; however, the agency request includes base funding changes and program transfers to recognize and reimburse the total costs of producing the Montana Code Annotated (MCA) and ancillary publications. Although this will increase the cost to purchase MCA, no corresponding increase has been included in state agency budgets. The net effect of the funding adjustments to the base is an increase of \$834,600 in state special revenue funding (reimbursable activities revenue from the sale of the code annotated and ancillary publications) and a decrease of \$810,400 in general fund. A portion of this decrease is accomplished by transferring direct computer processing expenses from the Legislative Council Program to the Reimbursable Activities Program.

The purchase of camera-ready copy equipment for preparation of the Montana Code Annotated Statute Text and Annotations was accomplished during the 1991 biennium. It is expected to reduce production costs by about \$11,000 during the FY92-93 biennium.

The agency request includes biennial costs of \$20,000 to provide for participation in "regional conferences" rather than specific allocations to the Western States Legislative Forestry Task Force, Five State Legislative Conference, and the Montana-Western Canadian Province Boundary Advisory Committee as were made in the past. No request was made for the Capitol Building and Planning Committee due to the intent of the Legislative Council Committee that the functions and responsibilities of that committee be provided for in an alternative fashion.

Increases Approved for Executive Planning

Three issues involving increases over base were approved during the Executive Planning Process. Additional general fund of \$80,000 was included for the Districting and Apportionment Commission, and additional funding for dues, travel and interim committees was approved in general for the Interim Studies and Conferences Program. No specific increase amounts were assigned to those items. Although these were the only increases approved under the process established for all state agencies, the Legislative Council Committee subsequently approved a classification and pay plan for its staff effective for FY91 with additional adjustments for the 1993 biennium. Salary adjustments for the executive director and three division directors were also approved separately from the classification and pay plan. The committee also approved a request for two additional FTE as described above.

ENVIRONMENTAL QUALITY COUNCIL

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	- Fiscal 1992 Incr/Decr Reco	Fiscal 1992Incr/Decr Recommended	Base	Fiscal 1993 Incr/Decr Reco	iscal 1993Incr/Decr Recommended
Full Time Equivalent Employees	6.50	6.50	6.50	00.	6.50	6.50	00.	6.50
Personal Services Operating Expenses Equipment Total Agency Costs	178,453.20	207,435	212,980	991	213,971	212,567	988	213,555
	45,426.84	59,630	71,093	-10,669	60,424	71,107	-14,275	56,832
	4,933.27	5,000	3,000	2,000	5,000	3,000	2,000	5,000
	\$228,813.31	\$272,065	\$287,073	\$-7,678	\$279,395	\$286,674	8-11,287	\$275,387
General Fund	221,779.50	252,654	273,848	-7,678	266,170	273,448	-11,287	262,161
State Special Revenue Fund	7,033.81	19,411	13,225	0	13,225	13,226	0	13,226
Total Funding Costs	\$228,813.31	\$272,065	\$287,073	8-7,678	\$279,395	\$286,674	8-11,287	\$275,387
Environmental Quality Water Policy Committee Total Program Costs	221,779.50	252,654	273,848	8-7,678	266,170	273,448	-11,287	262,161
	7,033.81	19,411	13,225	0	13,225	13,226	0	13,226
	\$228,813.31	\$272,065	\$287,073	8-7,678	\$279,395	\$286,674	8-11,287	\$275,387

Agency Description

The Environmental Quality Council (EQC) was created in 1971 by adoption of the Montana Environmental Policy Act (MEPA), which is codified in Title 75, Chapter 1, MCA. The council functions as a legislative branch agency responsible for implementing the provisions of MEPA and other statutory duties and interim studies assigned by the legislature. The EQC analyzes environmental trends and problems and recommends solutions in addition to review of state agency policies and programs involving environmental issues, natural resource development, and conservation. The EOC assists the legislature with natural resource legislation and provides staff for the natural resource committees and the interim Water Policy Committee. Title 75, Chapter 1, part 324, MCA, provides for the duties of the executive director and staff. They work under the general supervision of a thirteen-member bipartisan committee composed of four members of the House of Representatives, four members of the Senate, four citizen members, and a representative of the Governor.

The Water Policy Committee was created statutorily by the 1985 Legislature. The The EQC operates two programs: environmental quality and the Water Policy Committee. The Environmental Quality Program is the principal component of activity and operations. committee's duties include advising the legislature on the adequacy of state water policy and of important state, regional, national, and international developments relating to water resources; overseeing the policies and activities of the Department of Natural Resources and Environment and other entities in relation to water management; and analysis of the State Water Plan.

Budget Issues

MCA. No issues were identified during the Executive Planning Process or with the request for presentation in the Governor's Executive Budget, the Environmental Quality Council submitted the addition of 0.50 FTE for a MEPA liaison position as a modification The budget is presented as submitted by the agency in accordance with 17-7-122(2), agency request. However, subsequent to the completion of processing of the agency request. The additional FTE is not reflected in the above table or the executive budget due to late submission.

CONSUNIER COUNSEL

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr Rec	Fiscal 1992Incr/Decr Recommended	Base	Fiscal 1993 Incr/Decr	iscal 1993
Full Time Equivalent Employees	4.25	4.25	4.25	00.	4.25	4.25	00.	4.25
Personal Services Operating Expenses Equipment Total Agency Costs State Special Revenue Fund Total Funding Costs Administration Total Program Costs	190,030.05 424,393.16 5,605.00 \$620,028.21 620,028.21 620,028.21 620,028.21 \$620,028.21	195,868 691,194 1,260 \$888,322 \$888,322 \$888,322 \$888,322 \$888,322	197,497 691,778 1,260 \$890,535 \$890,535 \$890,535 \$890,535	5,299 8,921 450 \$14,670 \$14,670 14,670 \$14,670	202,796 700,699 1,710 \$905,205 \$905,205 \$905,205	197,101 691,986 1,260 \$890,347 890,347 890,347 890,347	4,971 27,606 450 \$33,027 33,027 \$33,027 \$33,027	202,072 719,592 1,710 8923,374 8923,374 8923,374 8923,374

Agency Description

Montana Constitution. The office is governed by Title 5, Chapter 15, MCA and by Title 69, Chapters 1 and 2, MCA. The counsel is responsible for representing consumer interest in hearings before the Public Service Commission or any other successor agency. The Office of the Consumer Counsel was created by Article XIII, Section 2 of the 1972 The office also may institute, intervene in, or otherwise participate in appropriate proceedings in the state and federal courts and administrative agencies in the name of and on behalf of the public.

Funding is provided by a consumer counsel tax on all regulated entities under the jurisdiction of the Public Service Commission. These include gas, electric, telephone, waste, and sewer utilities, motor carriers, and railroads. Title 69, MCA, provides for both a base appropriation and a contingency appropriation for expenses resulting from an unanticipated caseload. The Legislative Consumer Committee generally oversees the operations of the Consumer Counsel and appoints the Consumer Counsel.

Budget Issues

Budget Submitted as Requested

The budget is presented as submitted by the agency in accordance with 17-7-122(2), MCA. The base includes \$100,000 in each year of the biennium as a contingency appropriation for contracted services with expert consultants.

Increases Over Base

1. There is \$6,600 requested each year for increased in-state and out-of-state travel associated with normal caseload growth.

2. Increased consultant and professional fees of \$18,600 are requested for FY93, based upon a 3% inflation factor applied by the agency.

3. Other increases include salary adjustments, operating expenses, and software.

executive planning process. This was the only budget increase item identified and approved under the process established for all state agencies. The agency request approved by the Legislative Consumer Committee included other increases as mentioned above. Increases Approved for Executive Planning
There was \$13,200 for the biennium for increased travel expenses included in the

JUDICIARY

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	iscal 1992Incr/Decr Recommended	Base	Fiscal 1993 Incr/Decr Ro	iscal 1993Incr/Decr Recommended
Full Time Equivalent Employees	90.50	90.50	88.50	3.00	91.50	88.50	3.00	91.50
Daecona	3 933 394 40	4.135.721	4.145.889	88.542	4,234,431	4,134,479	88,284	4,222,763
Operating Expenses	965.247.47	985,384	1,059,721	45,825	1,105,546	1,067,659	36,023	1,103,682
Equipment	308,650,52	234,554	256,329	63,240	319,569	257,190	58,667	315,857
Total Agency Costs	\$5,207,292.39	\$5,355,659	\$5,461,939	\$197,607	\$5,659,546	\$5,459,328	\$182,974	\$5,642,302
General Find	4.778.025.21	4,920,594	5,012,007	172,446	5,184,453	5,009,898	159,372	5,169,270
State Special Revenue Fund	429,267.18	435,065	449,932	25,161	475,093	449,430	23,602	473,032
Total Funding Costs	\$5,207,292.39	\$5,355,659	\$5,461,939	\$197,607	\$5,659,546	\$5,459,328	\$182,974	\$5,642,302
Supreme Court Operations	1.547.863.27	1,538,189	1,406,374	58,069	1,464,443	1,406,930	51,993	1,458,923
Boards And Commissions	215,864.09	211,412	215,267	29,826	245,093	215,331	26,332	241,663
Law Library	663,576.74	693,333	722,191	27,529	749,720	724,119	24,971	749,090
District Court Operations	2,350,721.11	2,477,660	2,514,701	50,164	2,564,865	2,510,336	47,222	2,557,558
Water Courts Supervision	429,267.18	435,065	449,932	25,161	475,093	149,430	23,602	473,032
Clerk Of Court	0.00	0	153,474	6,858	160,332	153,182	8,854	162,036
Total Program Costs	\$5,207,292.39	\$5,355,659	\$5,461,939	\$197,607	\$5,659,546	\$5,459,328	\$182,974	\$5,642,302

Agency Description

The Judicial branch of state government is provided for in Article III, Section I and Article VII of the 1972 Montana Constitution. Article VII, Section II defines the jurisdiction of the Supreme Court, consisting of all appellate jurisdiction and original jurisdiction in petitions for writs of habeas corpus and other such writs, general supervisory control over all courts, and rule making powers for Montana courts.

The Judicial branch is known as the Judiciary and consists of six primary components:

 The Supreme Court Operations Program supports the operation of the Supreme Court and the other Judiciary programs. It includes the Supreme Court members, their respective staffs, and administrative and support staff.

2. The Boards and Commissions Program provides staff support and supervision of the various boards and commissions appointed or established by the Supreme Court. The boards and commissions perform a variety of services to support jurisprudence within the state, including sentence review, court rules revision, training of court personnel, conducting and grading the state bar examinations, investigation of complaints against members of the bench and bar, and recommendations for judicial appointments.

3. The Law Library Program staff are responsible for the management and operation of the State Law Library. The library is operated for use by members of the bar, as well as legislators, state employees, and the general public.

4. The District Court Operations Program is responsible for payment of salaries, travel, and judicial training expenses for the 36 district court judges throughout the state. Salaries are set by statute.

5. The Water Courts Supervision Program is responsible for the adjudication of claims of existing water rights in Montana and supervision of the distribution of water.

 The Clerk of Court Program is being presented as a separate program for the 1993 biennium. It was budgeted as part of the Supreme Court Operations Program for FY90-91.
 The Clerk of Court is an elected position with staff responsible for receipt, distribution, and retention of case documents for all Supreme Court cases.

Budget Issues

Increases Over Base

1. There are 2.00 FTE programmer/analysts recommended to continue the statewide court automation project initiated during the 1991 biennium as authorized by HB320. Total general fund costs for the biennium, including supplies, travel expenses, and computer software, are approximately \$203,000. The positions are to be part of the Supreme Court Operations Program.

2. Operating expenses are budgeted to increase in the Boards and Commissions Program. Projected caseload increases for the Commission on Practice and higher contract rates and facility rent related to bar exams are contributing factors, while changes in membership demographics will increase travel expenses for the Commission on Courts of Limited

Jurisdiction. Food service and printing costs for Limited Court Training also are increased; however, these expenses are fee-reimbursed by charges to participants.

Strategies, for the control of the c

4. An increase is included in the District Courts Operation Program for personal computers and software to enable small districts to benefit from court automation. Some small districts do not have funding support for the purchase of equipment. Other increases are primarily related to judicial education, training, and completion of a bench procedures manual.

procedures manual.

5. Personal services increases are reflected in the recommended level for the Water Courts Supervision Program. Full funding of the statutory salary level for the Chief Water Judge is necessary due to replacement of the former judge who was paid at a lower, retired judge level. Also included is a 1.00 FTE increase for a clerical position; however, the increase in salary and benefits is offset by a decrease in overtime and contract services. Personal computer replacement also is budgeted.

6. The Clerk of Court Program contains minor increases for photocopy expense, postage,

long distance telephone charges, and equipment.

Decreases Under Base

1. Operating expenses in the Supreme Court Operations Program decrease by about \$45,000 in FY92 and \$51,000 in FY93. The decrease is primarily attributable to a reduction in computer network expenses.

MONTANA CHIROPRACTIC LEGAL PANEL

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Base Incr/Decr Recommended	iscal 1992	Base	Fiscal 1993 - Incr/Decr	Fiscal 1993Incr/Decr Recommended
Full Time Equivalent Employees	00.	00.	00.	00.	00.	00.	00.	00.
Operating Expenses Total Agency Costs	0.00	13,000	0\$	13,000	13,000	0\$	13,000	13,000 \$13,000
State Special Revenue Fund Total Funding Costs	00.00	13,000 \$13,000	0\$	13,000	13,000	08	13,000	13,000
Legal Panel Operations Total Program Costs	80.00	\$13,000	08	\$13,000	\$13,000	08	\$13,000	13,000

Agency Description

The Montana Chiropractic Legal Panel was created by the 1989 Legislature and is governed by Title 27, Chapter 12, MCA. The panel was established to prevent filed court actions against chiropractic physicians and their employees for professional liability in situations in which facts do not permit a reasonable inference of malpractice. The statute establishes a hearing process whereby a malpractice claim must be reviewed by the panel before a claimant may file a court action against a chiropractic physician.

The panel is a state agency allocated to the Montana Supreme Court for administrative purposes only. The executive director of the Montana Chiropractic Association appoints the director of the panel, subject to the approval of the Chief Justice of the Supreme Court. Six panel members are selected to review each case, three of whom are chiropractic physicians licensed under Montana law and residing in Montana, and three of whom are autorneys and members of the state bar.

Funding for the panel is provided by annual assessments levied on all chiropractic physicians and accounted for as state special revenue.

Budget Issues

The entire budget for the agency consists of contracted services for the compensation of the director, staff, and panel members.

GOVERNORS OFFICE

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr F	scal 1992Incr/Decr Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	65.20	60.20	59.20	00.	59.20	59.20	00.	59.20
Personal Services	1.963.630.37	2.156.663	7 151 617	4 748	2 156 265	716316	100	
Operating Expenses	1,102,215.72	1,580,499	822,107	1.005.969	1.828.076	72,132,137	4,727	1.005.615
Equipment	288,432.57	257,796	205,009	3,550	208,559	20,364	-983	19,381
Grants	97,868.00	0	0	0	0	0	0	0
10tal Agency Costs	\$3,452,146.66	\$3,994,958	\$3,178,733	\$1,014,267	\$4,193,000	\$3,083,794	\$998,086	\$4,081,880
General Fund	2,501,608.75	2,717,171	2.654.479	1.004 785	3 659 264	1550621	209 600	2 5.40 221
State Special Revenue Fund	559,082.95	793,921	80,395	18	80.413	80 395	100,000	2,246,231
Federal Special Revenue Fund	391,454.96	483,866	443,859	9,464	453,323	443,775	9 461	617,00
Total Funding Costs	\$3,452,146.66	\$3,994,958	\$3,178,733	\$1,014,267	\$4,193,000	\$3,083,794	\$998,086	\$4,081,880
Executive Office	1 117 002 40	1014 211	000 07 0					
Maneion Maintanana	1,117,023.42	1,814,211	1,143,790	990,192	2,133,982	1,147,898	990,184	2,138,082
A := Transporting	04,032.97	59,931	58,851	73	58,924	58,856	71	58,897
All Hansportation	404,992.54	355,093	320,822	324	321,146	169,529	-5,095	164,434
Vince Of Bager & Fgm Flanning	743,131.96	904,053	825,779	13,566	839,345	876,829	2,818	879,647
Northwest Regional Power Act	349,205.33	398,835	403,859	.9,464	413,323	403,775	9,461	413,236
Lt. Governor	153,762.99	183,956	175,900	224	176,124	176,117	223	176,340
March Bir Barrie Office	59,078.08	69,720	70,410	116	70,526	71,089	116	71,205
Mental Dis Board of Visitors	1/3,908.38	178,560	179,322	308	179,630	179,731	308	180,039
Statehood Centennial Office	387,010.99	30,599	0	0	0	0	0	0
I otal Frogram Costs	\$3,452,146.66	\$3,994,958	\$3,178,733	\$1,014,267	\$4,193,000	\$3,083,794	\$998,086	\$4,081,880

Agency Description

The Office of the Governor was created upon acceptance of Montana into the United States in 1889 and exists under authority contained in Article VI of the Montana agencies and the appointment of department directors. Other duties include the preparation and submission of a balanced budget to the legislature, approval or veto of legislation, granting of reprieves and pardons, and responsibility as commander-in-chief Constitution. The office oversees and directs the activities of the executive branch of the state militia. The Governor and his support staff operate in the Executive Office Program. Other programs include the Office of Lieutenant Governor, the Mansion Maintenance Program, the Air Transportation Program, Office of Budget and Program Planning (OBPP), Northwest Regional Power Act Program, Citizens Advocate Office Program, Mental Disabilities Board of Visitors Program, and the Statehood Centennial Office which is eliminated as a program for the 1993 biennium.

staff. Centralized services located in this program also supports all other programs in the Governor's Office. Special policy issues also are directed through this program including the Coordinator of Aging, the Flathead Basin Commission, and coordination of natural The Executive Office Program includes the Governor, his personal staff, and senior policy resources damage assessment efforts.

The Office of the Lieutenant Governor is responsible for duties provided in statute as well as duties delegated by the Governor, pursuant to Article VI, Section 4 of the Montana Constitution. These duties include acting as liaison between state and local governments; providing support for gubernatorial appointments to boards, councils, and commissions; and serving as agricultural liaison with the agricultural industry. The Mansion Maintenance Program provides staff, selected maintenance, and upkeep of the Governor's official residence. The Air Transportation Program provides for operation and maintenance of the aircraft assigned to the Governor by the legislature.

coordinator functions. The intergovernmental review clearinghouse was transferred to OBPP assists the Governor in the development and administration of the executive budget, maintains the intergovernmental review clearinghouse and federal single audit act maintains appropriation control and revenue estimate systems, evaluates and coordinates alternative program plans and reorganization of state agency functions, provides control over authorized FTE and monitors the Payroll/Personnel/Position control system, and OBPP from the Office of Lieutenant Governor during the 1991 biennium.

The Northwest Regional Power Act Program provides membership in and support for the Pacific Northwest Electric Power and Conservation Planning Council which is a multistate entity. The council is responsible for planning for the electricity needs of the Pacific Northwest and the related impact on fish and wildlife affected by hydroelectric power. Funding comes from the Bonneville Power Administration.

The Citizens' Advocate Office Program maintains a toll-free telephone line to answer citizens' inquiries and resolve complaints dealing with state government. The Mental Disabilities Board of Visitors Program is administratively attached to the Governor's Office and is responsible for reviews of patient care at community mental realth centers and institutions for the mentally ill and developmentally disabled

Budget Issues

Increases Over Base

preparation of a natural resource damage assessment (NRDA), which will estimate the . The executive budget contains \$1 million per year of general fund to prepare for the The litigation requires the economic damages caused by injuries to natural resources from the release of hazardous wastes. In 1983, the State of Montana filed suit against Atlantic Richfield Corporation ARCO) pursuant to the Comprehensive Environment Response, Compensation and Clark Fork Basin natural resource damage litigation. Liability Act (CERCLA) to recover such damages.

Montana is under a federal court order to prepare for trial by May 1993. The \$1 million per year will be used to contract for the necessary scientific, economic, and legal expertise to prepare the NRDA and legal case. The Governor's Office is coordinating state efforts, which include the Departments of Natural Resources and Environment, State Lands, and The 1993 biennial costs of preparing for trial have been estimated between \$6 and \$9.6 million. To allow the state the flexibility to receive and expend additional federal or private funds which may become available for the suit, the executive recommends the following language in the general appropriations act:

The Governor's Office is appropriated up to \$8,000,000 for the biennium from sederal special revenue or private state special revenue contingent upon the receipt of federal or private funds for the Clark Fork Basin natural resource damage litigation. Replacement of a copier machine at a cost of \$4,000 in FY92 is provided in the OBPP budget.

- 3. A biennial one-time appropriation of \$10,000 is included for steering committee planning and participation expenses associated with the 1992 annual meeting of the Association of State Budget Officers (NASBO) to be hosted by OBPP in Kalispell. The conference will present environmental, resource management, health, welfare, and other services issues and is expected to involve up to 400 participants, most of whom will represent other states. National
- Regional Power Act Program to properly reflect indirect cost assessments that were Indirect costs are increased \$8,800 each year of the biennium in the Northwest understated in the base.

Other Issues

- \$150,000 from the FY92 base due to payoff of the Governor's Office aircraft during The FY93 recommended budget for the Air Transportation Program is reduced by over
- The FY92 recommended budget for OBPP is lower than FY93 due to the cyclical nature of legislative year expenses.

SECRETARY OF STATES OFFICE

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Fiscal 1992Incr/Decr Recommended	Base	Fiscal 1993 Incr/Decr R	iscal 1993Incr/Decr Recommended
Full Time Equivalent Employees	26.00	26.00	26.00	00.	26.00	26.00	00.	26.00
Personal Services	557,789.35	626,745	628,831	1,313	630,144	627,789	1,310	656,099
Operating Expenses	433,671.45	464,488	473,096	-3,050	470,046	473,129	46,847	519,976
Equipment	19,580.00	0	0	10,585	10,585	0	12,515	12,515
Debt Service	13,178.40	36,242	36,242	-36,242	0	36,242	-36,242	0
Total Agency Costs	\$1,024,219.20	\$1,127,475	\$1,138,169	\$-27,394	\$1,110,775	\$1,137,160	\$24,430	\$1,161,590
General Fund	882,161.29	957,410	962,673	-29,183	933,490	960,711	22,543	983,254
State Special Revenue Fund	142,057.91	170,065	175,496	1,789	177,285	176,449	1,887	178,336
Total Funding Costs	\$1,024,219.20	\$1,127,475	\$1,138,169	\$-27,394	\$1,110,775	\$1,137,160	\$24,430	\$1,161,590
Records Management	882.161.29	957 410	679 673	-29 183	933 490	960 711	22 543	983 254
Administrative Code	142,057.91	170,065	175,496	1,789	177,285	176,449	1,887	178,336
Total Program Costs	\$1,024,219.20	\$1,127,475	\$1,138,169	\$-27,394	\$1,110,775	\$1,137,160	\$24,430	\$1,161,590

Agency Description

application, operation, and interpretation of election laws except those pertaining to campaign finance. The office also maintains the official records of the executive branch Constitution, reviews, maintains, and distributes records of business and non-profit Secretary of State is the chief election officer of the state and is responsible for the The Office of the Secretary of State, established by Article VI, Section 1 of the Montana and the acts of the legislature. The budget for the office is divided into two programs: organizations, and files and maintains records of secured financial transactions. Records Management and Administrative Code.

names, uniform commercial code, and other filings for security agreements; administration of state election law including training, agency clerical, payroll, accounting, budgeting, and fiscal management; and duties related to the legislature and executive acts. Elections Bureau, and central administration. Staff are responsible for the examination and filling of records for corporations, limited partnerships, trademarks, assumed business The Records Management Program is comprised of the Business Services Bureau,

The Administrative Code Program staff are responsible for filing, publishing, and distributing the Administrative Rules of Montana (ARM), and collecting fees for pages published in the Montana Administrative Register and subscriptions to the ARM.

Budget Issues

Increases Over Base

The recommended FY93 budget for the Records Management Program contains appropriation contained funding for the purchase and installation of an in-house computer system for UCC documents. The new system was to result in net savings in operating expenses and the mainframe processing budget was reduced accordingly. The contractor failed to supply the system and it is, therefore, necessary to budget for increased processing costs associated with extensive use of the mainframe. Authority was redirected in FY92 to accommodate the increase, but operating costs in FY93 include higher cyclical increases for computer processing and systems development charges to operate the Uniform Commercial Code (UCC) system on the state mainframe. The 1991 biennium costs related to election year printing and publications.

COMMISSIONER OF POLITICAL PRACTICES

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Fiscal 1992Incr/Decr Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	3.00	3.00	3.00	00.	3.00	3.00	00.	3.00
Personal Services Operating Expenses Equipment Total Agency Costs General Fund Total Funding Costs Administration Total Program Costs	81,047.83 23,377.08 1,686.21 \$106,111.12 \$106,111.12 \$106,111.12	85,062 29,077 8114,139 114,139 \$114,139 \$114,139	85,242 25,515 500 \$111,257 \$111,257 \$111,257 \$111,257	1,344 -64 1,108 \$2,388 \$2,388 \$2,388 \$2,388	86,586 25,451 1,608 \$113,645 \$113,645 \$113,645 \$113,645	85,048 29,016 500 \$114,564 \$114,564 \$114,564 \$114,564	1,520 1,608 8832 8832 8832 8832 8832	85,792 27,496 2,108 \$115,396 \$115,396 \$115,396 \$115,396

Agency Description

enforcing the campaign practices in Title 13, Chapters 35-37, MCA. The office exists under the authority of Title 13, Chapter 37, MCA. The responsibilities of the office were expanded in 1980 by Initiative 85 to include the registration of lobbyists, the filing of financial reports for their principals, and the disclosure of business and ownership interests of elected officials. The agency is attached to the Office of the Secretary of State for The Office of the Commissioner of Political Practices was created by the legislature in 1975 for the purpose of monitoring disclosures of financial contributions to and expenditures by Montana political committees and candidates and for the purpose of administrative purposes only.

Budget Issues

cost of staff termination payouts over the savings to be achieved by refilling the positions at lower levels. The retirement of the current commissioner and one administrative The recommended level includes \$1,150 in FY92 and \$550 in FY93 for the net projected assistant is planned.

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992Incr/Decr Recom	scal 1992Incr/Decr Recommended	Base	Fiscal 1993 - Incr/Decr	Recommended
Full Time Equivalent Employees	00.99	68.50	67.00	2.00	00'69	00.79	2.00	00.69
Personal Services Operating Expenses Equipment Local Assistance Total Agency Costs	1,531,600.32 1,197,507.73 82,555.28 14,734,063.12 \$17,545,726.45	1,808,182 864,396 1,000 16,600,000 \$19,273,578	1,827,774 845,820 0 14,800,000 \$17,473,594	60,772 146,112 72,723 0 0	1,888,546 991,932 72,723 14,800,000 \$17,753,201	1,826,339 830,687 0 14,800,000 \$17,457,026	60,628 133,371 22,170 0 \$216,169	1,886,967 964,058 22,170 14,800,000 \$17,673,195
General Fund State Special Revenue Fund Federal Special Revenue Fund Proprietary Fund Total Funding Costs	2,425,460.25 7,404,365.26 7,715,900.94 0.00 \$17,545,726.45	2,254,036 7,419,542 9,600,000 0 \$19,273,578	2,313,594 7,360,000 7,800,000 0 \$17,473,594	193,116 348 0 86,143 \$279,607	2,506,710 7,360,348 7,800,000 86,143 \$17,753,201	2,297,026 7,360,000 7,800,000 817,457,026	128,527 355 355 87,287 \$216,169	2,425,553 7,360,355 7,800,000 87,287 \$17,673,195
Central Management State Payroll Insurance Securities Local Assistance Distributions Forest Res & Fpga To Counties Pension Adj Retired Firemen Fiscal Control And Management Total Program Costs	225,878.46 827,478.00 807,130.15 316,183.38 6,075,672.41 7,715,900.94 942,489.77 634,993.34 \$17,545,726.45	238,970 573,312 988,223 290,828 6,000,000 9,600,000 1,000,000 582,245 \$19,273,578	249,702 579,516 999,370 304,589 6,000,000 7,800,000 1,000,000 540,417 \$17,473,594	147,166 558 34,201 614 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	396,868 580,074 1,033,571 305,203 6,000,000 7,800,000 1,000,000 637,485 817,753,201	249,803 564,504 999,620 304,738 6,000,000 7,800,000 1,000,000 538,361 \$17,457,026	85,827 555 32,125 596 0 0 0 0 0 0 0 97,066	335,630 565,059 1,031,745 305,334 6,000,000 7,800,000 1,000,000 635,427 \$17,673,195

Agency Description

Constitution, has statutory duties to superintend the fiscal concerns of the state, suggest plans for improvement and management of public revenues, keep an accounting system of all state funds, and pay all funds and fees received into the state treasury. The State and regulate insurance companies and agents in Montana. The State Auditor, as ex-officio Securities Commissioner, is responsible for administering the Securities Act of Montana through regulation, registering, and licensing of securities, securities issuers, broker-The Office of the State Auditor, established by Article VI, Section 1 of the Montana Auditor, as ex-officio Commissioner of Insurance, is empowered with duties to license dealers, investment advisors, and other sellers of securities.

writing system. The office also has responsibility for maintenance of the Payroll/Position Control/Personnel System. HB605, approved by the 1989 Legislature, transferred the state debt collection service from the Department of Revenue to the State Auditor's office. The The State Auditor is director of the state central payroll system and the state warrant

office also distributes police and firefighter retirement funds to local governments.

The State Auditor's Office is made up of eight programs: Central Management, State Payroll, Insurance, Securities, Fiscal Control and Management, Local Assistance Distributions, Forest Reserve and FPGA to Counties (for the distribution of funds from National Forests), and Pension Adjustment-Retired Firefighters.

Budget Issues

Increases Over Base

of the office WANG system with a PC network system. The increase is allocated at about \$98,000 for FY92 and \$52,000 for FY93.

2. A \$15,000 increase for an office remodeling project is included in the recommended FY92 budget for the Central Management Program. 1. A 1993 biennium increase of \$150,000 is added to the Central Management Program for personal computers, software, and installation expenses to continue the replacement

3. The budget for computer processing charges for the new warrant writing system in the Fiscal Control and Management Program is increased \$96,500 per year to bring them in line with actual charges experienced during FY90. The warrant system processes all payments made against the state treasury including state payroll warrants, and payment warrants for Medicaid, Aid to Families with Dependent Children, and other benefit 4. There are 2.00 FTE added, including continuation of a medicare compliance specialist position in the Insurance Program authorized by HB535 during the 1989 Legislature on a one-time-only basis. The other position is for a computer system specialist in Central Management.

5. A minor increase is made to the Insurance Program to provide for payment of a portion of the annual dues to the National Association of Insurance Commissioners.

Other Issues

general fund to an internal service fund in which a percentage of revenue collected will be allocated to the expenses of operating the service. The service will continue as part of the Fiscal Control and Management Program and will continue to collect debts referred by other state agencies. The budget contains proprietary funds of \$86,143 in FY92 and \$87,287 in FY93 for the state bad debts collection function mentioned above. This represents a change from

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992Incr/Decr Recomm	scal 1992Incr/Decr Recommended	Base	Fiscal 1993 - Incr/Decr	iscal 1993
Full Time Equivalent Employees	129,43	134.12	127.73	6.00	133.73	127.73	00.9	133.73
Personal Services Operating Expenses Equipment Local Assistance Grants Transfers Total Agency Costs General Fund State Special Revenue Fund Proprietary Fund	3,779,895.47 2,675,579.20 341,022.20 303,967,033.46 5,724,837.86 360,000.00 \$316,848,368.19 45,056,327.94 263,543,708.28 7,472,249.31 776,082.66	4,165,112 2,931,113 77,147 393,168,937 4,222,782 490,641 \$405,055,732 44,985,139 351,655,275 7,536,932 878,386	4,147,509 2,515,647 83,352 436,965,937 4,132,782 420,195 \$448,265,422 157,813,774 282,713,039 6,894,245 844,364	184,570 676,156 77,014 0 430,800 4,854 \$1,373,394 157,561 1,203,333 0	4,332,079 3,191,803 160,366 436,965,937 4,563,582 425,049 \$449,638,816 157,971,335 282,725,539 8,097,578 844,364	4,140,913 2,505,095 83,352 436,493,937 4,132,782 420,195 \$447,776,274 173,324,215 266,707,285 6,896,767 848,007	184,148 722,499 33,346 0 436,800 6,031 \$1,382,824 123,959 13,532 1,245,333	4,325,061 3,227,594 116,698 436,493,937 4,569,582 426,226 \$449,159,098 173,448,174 266,720,817 8,142,100 848,007
Total Funding Costs State Superintendent's Office Central Services Educational Services Distribution To Public Schools Total Program Costs	\$316,848,368.19 710,099.64 2,109,314.03 4,349,021.49 309,679,933.03 \$316,848,368.19	\$405,055,732 376,639 2,387,268 4,804,415 397,487,410 \$405,055,732	\$448,265,422 692,110 2,278,015 4,196,578 441,098,719 \$448,265,422	\$1,373,394 28,931 17,215 1,327,248 0 \$1,373,394	\$449,638,816 721,041 2,295,230 5,523,826 441,098,719 \$449,638,816	\$447,776,274 692,296 2,257,041 4,200,218 440,626,719 \$447,776,274	\$1,382,824 29,106 -13,961 1,367,679 \$1,382,824	\$449,159,098 721,402 2,243,080 5,567,897 440,626,719 \$449,159,098

Agency Description

The Superintendent of Public Instruction is an elected official provided for in Section 1, Article VI, of the Montana Constitution. Section 20-3-106, MCA, states that the Superintendent "has the general supervision of the public schools and districts of the state." Section 20-7-301, MCA, names the Superintendent as "the governing agent and executive officer" for K through 12 vocational education in Montana.

The office provides services to 150,000 school age children and to 9,500 teachers in 544 school districts in Montana. The staff provides technical assistance in planning, implementing, and evaluating educational programs in such areas as teacher preparation, teacher certification, school accreditation, school curriculum, school finance, and school law. The staff administers a number of federally-funded programs and provides a variety of information services.

There are four programs in the office summarized below.

1. State Superintendent's Office with responsibilities which include provision of leadership, direction, and coordination services to a variety of school and public groups;

support for the superintendent's statutory role with the Board of Public Education, Board of Regents, Board of Land Commissioners, and various elected officials; and school publications.

- Central Services Program responsible for the reporting, distribution, and accounting
 of state and federal funds provided to school districts, including data processing, word
 processing, purchasing, legal, payroll, personnel, mail, reference library, analytical, and
 accounting support to operations within the Office of Public Instruction.
- 3. Educational Services Program administers all federal grants received by the Office of Public Instruction, teacher certification, accreditation, vocational-JTPA education, adult basic education, special education, chapter I, curriculum assistance, the film library, driver's education, school food services, and audiology. Pursuant to HB16, passed in Special Session I, this program received a 1991 biennium general fund appropriation of \$204,950 to establish standard accounting and reporting practices in all Montana school
- 4. Distribution to Public Schools Program is the mechanism used to distribute to local education agencies the "pass-through" funds contained in the budget, including the state

share of public school support, special education, transportation, school lunch, adult basic education, gifted and talented, discretionary federal funds, and traffic safety funds.

Budget Issues

Restructuring of Programs

Due to a restructuring of programs subsequent to preparation of the 1991 biennium budget, OPI and OBPP agreed that, in order to present the FY92-93 base at third level, OPI used FY91 expenditures as of March month-end and annualized those expenditures by control variable.

Central Services

The FY92 recommended budget exceeds the FY92 base by \$17,215 and the FY93 budget is \$13,961 less than the FY93 base. The Central Services program has increased demands for general fund of \$3,254 for the 1993 biennium.

HB28 and HB16

The base includes continuation funding for 2.00 FTE and operating costs to implement legislative intent that school districts be required to maintain accounting systems based on generally accepted accounting principles, established by HB28 and HB16 in the 1989 Legislature. The executive budget contains general fund of \$177,824 in FY92 and \$178,558 in FY93 for this purpose. OPI will provide workshops, varying in length from one to five days, in each of at least seven regions of the state covering beginning, intermediate, and advanced accounting and reporting procedures for school districts.

Motorcycle Safety

Motoreycle safety training funding is no longer budgeted as a statutory appropriation in the executive budget, consistent with executive policy and legislative intent, as expressed last session in HB583, which eliminated statutory appropriations for expenses of administering or operating programs. The motorcycle safety training program was established during the 1989 Session by HB231. The executive budget includes \$81,000 of state special revenue each year of the 1993 biennium and OPI is preparing legislation to modify the statutory appropriation.

Distribution of Migrant Grants

Migrant grant monies were previously accounted for in the agency fund. Agency funds are not appropriated by the legislature. Because OPI has discretion over the distribution of these funds, federal special revenue funds should be used. The recommendation is to establish appropriation authority for Migrant Grant flow-through funds to be accounted for properly. The grant is for \$320,000 each year of the biennium.

"At Risk" Child Intervention

New efforts are continually being made to help "at risk" children stay in school. "At risk" children are those who are experiencing trouble in school, have home situations that hinder learning, substance abuse problems, or other problems which make them likely to drop out of school. OPI is planning to expand the program through demonstration projects, training, and conferences. There is a 1.00 FTE education program representative and associated operating costs with general fund of \$41,288 in FY92 and \$38,862 in FY93.

Aids Education

OPI received a budget amendment in FY90 to spend \$77,000 and add 1.50 FTE to the AIDS staff. This recommendation will allow the program to continue and respond to increased demands for technical assistance, to increase program accountability for expanded grant requirements, and to monitor local education agencies' work plans. A 1.00 FTE program officer, 0.50 FTE administrative aide, and operating costs are funded with federal special revenue of \$99,000 each year of the biennium.

Bilingual Grant

Federal law now allocates a minimum of \$75,000 to state education agencies for administration of the Title IV Bilingual Grant. This is an increase of \$25,000 each year over the current level allocation. The increase will be used for personal services costs for a 0.50 FTE education program representative to collect data and provide technical assistance to Local Education Agencies (LEA) regarding limited English proficiency.

Race Equity

The Race Equity grant provides funding for technical assistance to schools on or near Indian reservations and schools which have other minority children enrolled. This grant allows the OPI to provide services to approximately 14,000 school age Indian children as well as their parents, teachers, school boards, and administrators. The grant award for FY92-93 is budgeted to increase \$25,000 each year of the 1993 bicnnium.

ESEA Chapter 2 Program

OPI anticipates an increase in federal Chapter 2 funding next biennium. Because of new requirements in law and recommendations resulting from a federal program review, a full-time specialist is needed to perform the responsibilities of managing the ESEA Chapter 2 program. In addition, contracted services and associated costs are recommended at a total federal special revenue cost of \$141,843 each year.

National Bicentennial Competition

The program provides curriculum materials and assistance for competition expenses involved in the study of the Constitution and the Bill of Rights. The program is cosponsored by the Commission on the Bicentennial of the U.S. Constitution and funded by an act of Congress. Operating costs of \$7,500 each year are included in the 1993 biennium budget.

Expanded Coop Food Purchase Program

School districts choosing to participate in the Cooperative Food Purchase Program are assessed an administration fee equal to 2% of their purchases. These fees are deposited into the state special revenue fund and are used to pay personal services and operating expenses associated with the program. Spending authority is recommended to be increased \$12,500 in FY92 and \$13,532 in FY93 to equal the amount of administrative fees expected to be collected during the next biennium.

Chapter 1 Program Improvements

Public Law 100-297 provides new funding to local school districts to participate in the required program improvement program established by the statute. Current level Chapter 1 state administration funding is expected to increase federal revenue by \$50,000 each year of the 1993 biennium because of added responsibilities resulting from these changes.

Nutrition Education and Training (NET) Grant

school districts to improve services for educationally disadvantaged children. These funds

will flow through the Office of Public Instruction to local school districts.

Additional funds have been authorized by the federal government for the Division of School Food's NET Program. PL 101-147 extends NET through FFY1994 and allows for gradual restoration of funds. As a minimum grant state, Montana's NET grant will increase from the current level of \$50,000 to \$62,500 in FY92 and FY93. The increase in federal funds will be used to provide additional nutrition education training workshops.

Drug Free Schools and Communities

The Drug-Free Schools and Communities Act of 1986 provides financial assistance to states to help local schools with kindergarten through 12th grade (K-12) drug prevention

adds both a 1.00 FTE education specialist and 0.50 FTE administrative aide to work in the drug free program. The additional 1.50 FTE will be federally funded with \$132,490 The budget recommendation continues the 0.50 FTE budget amendment from FY90 and each year of the 1993 biennium.

EHA-B Administrative Set-Aside

OPI expects that federal funding to pay special education administrative and set-aside costs will increase over current level by \$300,000 in FY92 and \$342,000 in FY93 and these amounts are included in the executive budget.

Audiology Funding

services to partially offset lost grant funds. U.S. West, in the 1989 and 1991 biennia, helped support the state audiological services. The Office of Public Instruction has been notified that U.S. West will not continue its \$136,000 per year grant for these services. The executive budget recommends \$68,000 general fund per year for the audiology

Program and the School Foods Division. In both programs, funds are transferred from contracted services to personnel services, resulting in no net increase in the budget. In National Origins and School Food Services Specialist Positions

The executive budget recommends a 0.50 FTE increase in both the National Origins both programs the federal granting agency has recommended that the state utilize an employee rather than a contractor.

Conference Fee Assessments

appropriation authority to spend the revenue collected. The fees collected by the office have been deposited into the general fund. The Office of Public Instruction has historically collected registration fees from persons attending various conferences and workshops, but the office has not requested

afford to continue to absorb. Therefore, the executive recommends \$45,900 general fund in FY 92 and \$15,300 in FY93 for the costs associated with workshops and conferences. The office estimates that it earns \$15,300 per year from conference registration; therefore, the general fund appropriation will be offset by registration fees deposited to the general fund. The \$45,900 in FY92 represents the estimated registration fees the office earned The costs of conducting the workshops and conferences is a cost which the office cannot

Disadvantaged Students Program Improvements

The executive recommends an increase of \$90,000 per year in federal funds for local

VOCATIONAL TECHNICAL CENTERS OVERVIEW

Montana July 1, 1989. Governance of the centers is the responsibility of the Commissioner of Higher Education and the Board of Regents. Vocational Technical Centers (Vo-techs) became the responsibility of the State of

Budget Issues Overview

Lump Sum Appropriations

The executive budget recommends a lump sum appropriation of \$11,216,381 for FY92, and \$11,217,196 for FY93 to the Board of Regents for allocation to the five vo-tech centers. This method of appropriating funds will afford the regents the flexibility to transfer and expend monies according to regent-identified center missions and system priorities.

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й	Recommended FY92-FY93 344 317 514 471 471 2,110	
Table 1 Vo-tech Enrollment Comparison of Actual v. Appropriated Student FYFTE Fiscal Years 1986-1993	3/10%0	
nt ted Stude 993	## FY89 FY90 FY91* 398 353 334 395 354 280 473 525 503 577 506 436 487 482 446 2,330 2,220 1,999 405 405 405 406 490 420 416 416 530 531 658 658 501 50 658 658 501 52,555 2,555 2,353 -225 -335 -354 ta not available	
Table I Vo-tech Enrollment tual v. Appropriate scal Years 1986-199	525 506 482 2,220 490 405 416 658 586 586 535 335	
Table 1 Vo-tech Enrollment Actual v. Appropriated 5 Fiscal Years 1986-1993	Y87 FY88 FY8 443 398 39 397 395 34 418 473 5 579 577 56 507 487 48 5344 2,330 2,2 511 490 44 415 405 44 423 416 4 660 658 66 650 586 55 2605 2,555 2,55 205 -35 -3 -201 -225 -3 -3 -3 -3	
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Comparis	FY86 489 406 391 647 577 2,510 415 423 660 596 595 660 595 660 660 660 660 660 660 660 660 660 66	
	Actual FY Billings Butte Great Falls Helena Missoula Total Billings Butte Great Falls Helena Missoula Total Actual less FY991 actual	

In conjunction with the annual lump sum appropriations, the executive budget recommends that the regents continue providing authorized and actual vo-tech center operating plans and FTE levels by program to the Office of Budget and Program Planning

individual formula components to the FY91 appropriated center budgets. These reports will enable review and analysis of the final distribution decisions made by the regents. and the Office of the Legislative Fiscal Analyst. Those programs appropriated by formula (Instruction and Support) are to be presented in sufficient detail to allow comparison of

appropriations act requiring the regents to prepare and submit a comprehensive written report to the executive and legislative branches of government explaining and documenting budget allocations to the vo-techs by first level of detail for each program by September 1 following the end of each fiscal year. This report must explain significant deviations and rationale for deviation from the regents' approved operating plan, formula components and FTE levels, as well as any significant policy changes impacting the The executive budget further recommends inclusion of language in the general

in order to provide a consistency among the vo-techs and the Montana University System, the executive budget recommendations for the vo-techs were developed in a manner consistent with the 1991 biennium appropriated budgets for the six units of the system. Presentation of the executive budget in this format is not intended to preclude the regents from allocating the recommended lump sum appropriations in a different manner.

using a combination of formula and incremental budgeting methods. The vo-techs previously were funded using a formula method prior to the 1989 session. The formula Formula and Incremental Budgeting
The 1993 biennium executive budget recommendation for the five centers was derived by method was used in the two programs directly influenced by student enrollment: Instruction and Support. Incremental budgeting was used for the Plant Operation and Maintenance Program. More specific information is provided under each center.

Declining Student Enrollment

Enrollment at the five centers has been declining for five years with one exception, Great Falls. Table 1 shows the budgeted and actual enrollment for FY86 through FY90. In FY86 the budgeted enrollment was 95 more than the actual number of students attending and by FY90 the gap increased to 354 students. Average enrollment figures for FY89 and FY90 of 2,110 students also are shown and are used in budgeting each of the centers for the 1993 biennium.

Instruction Program

student FTE and a snapshot of faculty FTE levels for personal services to develop a cost per student. To prepare the 1993 biennium budget, this FY90 cost per student was student. This FY90 cost per student was multiplied by average student FTE to arrive at a budget for support FTE, operating expenses, and equipment. Because enrollment declined in FY90 at each of the five vo-tech centers, this two-year average student FTE The instruction programs at all five vo-tech centers are budgeted using FY90 actual multiplied by the FY89 and FY90 student FTE average. In addition, the FY90 actual student FTE and a snapshot of non-faculty support staff were used to develop a cost per formula has the affect of increasing the total vo-tech Instruction Program budgets over FY90 actual expenditures by \$174,845 each year of the 1993 biennium.

Instruction Program			Table 7	16.2			
Billings Butte GT Falls Helena Missoula 344 317 514 471 464 14.88 13.63 14.48 13.72 11.79 23.12 23.25 35.50 34.34 39.34 \$29,458 \$29,236 \$26,791 \$30,732 \$30,005 0.2161 0.2136 0.2238 0.2040 0.2164 \$274 \$402 \$430 \$515 \$402 \$274 \$952,432 \$1,387,696 \$1,513,278 \$1,622,341 \$922,518 \$952,432 \$1,387,696 \$1,513,278 \$1,622,341 \$23,12 23.25 35.50 34.34 39.34 \$29,458 \$29,236 \$26,789 \$30,732 \$30,005 \$23,19 \$0.2139 0.2239 0.2042 0.2165 \$274 \$402 \$430 \$515 \$402 \$274 \$402 \$430 \$515 \$402 \$924,392 \$952,587 \$1,387,683 \$1,513,494 </th <th></th> <th></th> <th>Instruction Formula FY92 an</th> <th>Program Factors* d FY93</th> <th></th> <th></th> <th></th>			Instruction Formula FY92 an	Program Factors* d FY93			
344 317 514 471 464 14.88 13.63 14.48 13.72 11.79 23.12 23.25 35.50 34.34 39.34 \$29,458 \$29,236 \$26,791 \$30,732 \$30,005 0.2161 0.2136 0.2238 0.2040 0.2164 \$274 \$402 \$430 \$515 \$402 \$922,518 \$952,432 \$1,387,696 \$1,513,278 \$1,622,341 \$44 317 514 471 464 \$23,12 23.25 35.50 34.34 39.34 \$29,458 \$29,236 \$26,789 \$30,732 \$30,005 \$23,12 23.25 35.50 34.34 39.34 \$29,458 \$29,236 \$26,789 \$30,732 \$30,005 \$274 \$402 \$430 \$515 \$402 \$274 \$402 \$430 \$515 \$402 \$924,392 \$952,587 \$1,387,683 \$1,513,494 \$1,622,442		Billings	Butte	GT Falls	Helena	Missoula	Total
14.88 13.63 14.48 13.72 11.79 23.12 23.25 35.50 34.34 39.34 \$29,458 \$29,236 \$26,791 \$30,732 \$30,005 0.2161 0.2136 0.2238 0.2040 0.2164 \$274 \$402 \$430 \$515 \$402 \$22,518 \$952,432 \$1,387,696 \$1,513,278 \$1,622,341 \$44.88 13.63 14.48 13.72 11.79 \$23.12 23.25 35.50 34.34 39.34 \$29,458 \$29,236 \$26,789 \$30,005 \$2190 0.2139 0.2239 0.2042 0.2165 \$274 \$402 \$430 \$515 \$402 \$24,392 \$952,587 \$1,387,683 \$1,513,494 \$1,622,442	e FYFTE Enrollment	344	317	514	471	464	2,110
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\$30,732 \$30,005 0.2040 \$515 \$1,513,278 \$1,622,341 471 464 13.72 11.79 34.34 \$30,732 \$30,005 0.2042 \$515 \$1,513,494 \$1,622,442	ed Faculty	23.12	23.25	35.50	34.34	39,34	
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\$274 \$402 \$430 \$515 \$402 \$922,518 \$952,432 \$1,387,696 \$1,513,278 \$1,622,341 14.88 13.63 14.48 13.72 11.79 23.12 23.25 35.50 34.34 39.34 \$29,458 \$29,236 \$26,789 \$30,732 \$30,005 0.2190 0.2139 0.2239 0.2042 0.2165 \$274 \$402 \$430 \$924,392 \$952,587 \$1,387,683 \$1,513,494 \$1,622,442	Rate	0.2161	0.2136	0.2238	0.2040	0.2164	
\$922,518 \$952,432 \$1,387,696 \$1,513,278 \$1,622,341 344 317 514 471 464 14.88 13.63 14.48 13.72 11.79 23.12 23.25 35.50 34.34 39.34 \$29,458 \$29,236 \$26,789 \$30,732 \$30,005 0.2190 0.2139 0.2239 0.2042 0.2165 \$274 \$402 \$430 \$924,392 \$952,587 \$1,387,683 \$1,513,494 \$1,622,442	ional Support Rate	\$274	\$402	\$430	\$515	\$402	
344 317 514 471 464 14.88 13.63 14.48 13.72 11.79 23.12 23.25 35.50 34.34 39.34 \$29,458 \$29,236 \$26,789 \$30,732 \$30,005 0.2190 0.2139 0.2239 0.2042 0.2165 \$274 \$402 \$430 \$515 \$402 \$924,392 \$952,587 \$1,387,683 \$1,513,494 \$1,622,442	ion Program Budget*	\$922,518	\$952,432	\$1,387,696	\$1,513,278	\$1,622,341	\$6,398,265
344 317 514 471 464 14.88 13.63 14.48 13.72 11.79 23.12 23.25 35.50 34.34 39.34 \$29,458 \$29,236 \$26,789 \$30,732 \$30,005 0.2190 0.2139 0.2239 0.2042 0.2165 \$274 \$402 \$430 \$515 \$402 \$924,392 \$952,587 \$1,387,683 \$1,513,494 \$1,622,442							
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\$29,458 \$29,236 \$26,789 \$30,732 \$30,005 0.2190 0.2139 0.2239 0.2042 0.2165 \$274 \$402 \$430 \$515 \$402 dget* \$924,392 \$952,587 \$1,387,683 \$1,513,494 \$1,622,442	Faculty Ratio	14.88	13.63	14.48	13.72	11.79	
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ate \$274 \$402 \$430 \$515 \$402 \$402 \$402 \$402 \$681\$; \$924,392 \$952,587 \$1,387,683 \$1,513,494 \$1,622,442	e Faculty Salary	\$29,458	\$29,236	\$26,789	\$30,732	\$30,005	
\$274 \$402 \$430 \$515 \$402 \$924,392 \$952,587 \$1,387,683 \$1,513,494 \$1,622,442	Rate	0.2190	0.2139	0.2239	0.2042	0.2165	
\$924,392 \$952,587 \$1,387,683 \$1,513,494 \$1,622,442	ional Support Rate	\$274	\$402	\$430	\$515	\$402	
	ion Program Budget*	\$924,392	\$952,587	\$1,387,683	\$1,513,494	\$1,622,442	\$6,400,598
*Formula components are rounded for presentation purposes, nowever	la components are round	led for preser	ntation purpo	ses, however			

Table 2 shows the formula factors used in developing the budgets for the Instruction Program at each of the five vo-tech centers. The average faculty salary ranges from a low of \$26,791 at Great Falls Vo-tech to a high of \$30,732 at the Helena Vo-tech. The student faculty ratio ranges from a low of 11.79 at the Missoula Vo-tech to a high of 14.88 at the Billings Vo-tech. The instructional non-faculty support rate differs among the centers from a low of \$274 at Billings Vo-tech to a high of \$515 at Helena Vo-tech.

Support Program

Academic, Institutional, and Student Services Programs constitute the Support Program in the executive budget. The 1993 biennium budget is calculated by dividing FY90 actual expenditures for these programs by FY90 actual student FTE to arrive at a cost per student FTE. This rate was multiplied by the FY89-FY90 average student FTE to arrive at the recommended 1993 biennium Support Program. Because of declining enrollment, utilization of the average student FTE had the affect of increasing the total support votech budgets over FY 90 actual expenditures by \$177,606 each year of the 1993 biennium.

n	ogram	ate Per	FTE	FY93	\$1,78	\$1,71	\$1,05	\$1,5	\$1,87	
1 able 3	Support Program	Support Rate Per	Student FTE	FY92 and FY93	Billings	Butte	Great Falls	Helena	Missoula	

Totala 2

対 50 20 20 27

Table 3 shows the support rate per student FTE for each year of the 1993 biennium. The support rate ranges from a low of \$1,059 at Great Fails Vo-tech to a highof \$1,827 at Missoula Vo-tech.

Plant Operation and Maintenance Program

The Plant Operation and Maintenance Program for each of the centers was budgeted incrementally with inflation applied to FY90 actual expenditures and requests from the centers for increases in supplies and equipment included in the budgets. The total program budget for the vo-tech budgets increases by \$191,639 in FY92 and by \$190,632 in FY93.

runding

Table 4 on the following page shows the calculated funding for each of the centers for FY92 and FY93 and the recommended lump sum appropriations.

Current law continues the 1.5 mill levy in each of the five counties in which vo-techs are located. The Board of Regents has set the tuition and fees to be consistent with those of the university system. Tuition and fees recommended for the 1993 biennium decrease by \$23,620 each year of the biennium from FY90 actual tuition and fees.

Federal funds are available to the vo-tech centers under the Carl Perkins Act. The funding recommendation assumes that the vo-tech centers will be able to compete for and receive the same level of \$807,474 federal revenue in FY92 and FY93 that was received in FY90. The amounts may not match unit by unit. The Board of Regents has the authority to move funds among units to compensate for differences in federal grants. The executive budget continues appropriating the Carl Perkins revenue as unrestricted funds, the same as for FY90 and FY91. The regents requested that Carl Perkins funds be changed to restricted funds and that the state general fund be increased by a like amount. The executive budget does not include that request.

	Vo-Tech	T Centers Re FY92	Table 4 Vo-Tech Centers Revenue Summary By Unit FY92 and FY93	ary By Unit		Recommended
FY92 Tuition and Fees Miscellaneous	Billings \$301,623 1,500	Butte \$264,433	Butte Great Falls \$264,433 \$476,609 0 200	Helena \$425,034	Missoula \$446,751 300	Appropriation \$1,914,450
Higher Ed Transfers: General Fund Millage Carl Perkins	1,055,231 314,871 145,871	1,055,231 1,248,635 314,871 72,607 145,871 135,846	1,440,716 127,697 153,821	1,914,513 101,321 200,140	2,034,687 182,179 171,796	7,693,782 798,675 807,474
Total Higher Ed Transfers Total Revenue	\$1,819,096 \$1,721,521 \$2,199,043	1,815,973 1,457,088 1,819,096 \$1,721,521	\$2,199,043	\$2,215,974	\$2,835,713	\$11,216,381
Tuition and Fees Miscellaneous Higher Ed Transfers:	\$301,623	\$301,623 \$264,433 1,500 0	\$476,609	\$425,034	\$446,751	\$1,914,450
General Fund Millage Carl Perkins Total Higher Ed Transfers Total Revenue	1,049,291 1,247,429 1,436,371 322,498 75,058 130,769 145,871 135,846 153,821 1,517,660 1,458,333 1,720,961 \$1,820,783 \$1,722,766 \$2,197,770	1,049,291 1,247,429 322,498 75,058 145,871 135,846 1,517,660 1,458,333 1,820,783 \$1,722,766	1,436,371 130,769 153,821 1,720,961 \$2,197,770	1,912,450 103,863 200,140 2,216,453 \$2,641,487	2,029,623 185,920 171,796 2,387,339 \$2,834,390	7,675,164 818,108 807,474 9,300,746 \$11,217,196
93 Biennium Revenue Needed:	÷					\$22,433,577

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Fiscal 1992Incr/Decr Recommended	Base	Fiscal 1993 Incr/Decr	Fiscal 1993Incr/Decr Recommended
Full Time Equivalent Employees	46.87	46.87	45.35	-2.65	42.70	45.35	-2.65	42.70
Personal Services Operating Expenses Equipment Total Agency Costs	1,471,573.68 272,774.49 51,998.88 \$1,796,347.05	1,422,977 392,359 92,287 \$1,907,623	1,423,216 426,131 92,287 \$1,941,634	21,016 -88,355 -55,200 \$-122,539	1,444,232 337,776 37,087 \$1,819,095	1,423,382 428,185 92,287 \$1,943,854	20,928 -91,294 -54,506 \$-124,872	1,444,310 336,891 37,781 \$1,818,982
Current Unrestricted Fund Total Funding Costs	1,796,347.05 \$1,796,347.05	1,907,623 \$1,907,623	1,941,634	-122,539 \$-122,539	\$1,819,095	1,943,854	-124,872 \$-124,872	1,818,982 \$1,818,982
Instruction Academic Support Student Services Institutional Support Plant Operation & Maintenance Total Program Costs	987,455.94 52,630.17 244,779.41 298,452.45 213,029.08 \$1,796,347.05	1,076,022 30,756 267,315 256,131 277,399 \$1,907,623	1,076,511 40,885 244,000 292,132 288,106 \$1,941,634	-153,993 13,320 8,105 15,253 -5,224 \$-122,539	922,518 54,205 252,105 307,385 282,882 \$1,819,095	1,076,956 40,859 244,291 292,617 289,131 \$1,943,854	-154,364 13,346 7,814 14,768 -6,436 -6,436	922,592 54,205 252,105 307,385 282,695 \$1,818,982

The Billings Vocational Technical Center primary objectives are to provide individuals preparing to enter, advance, or change their careers with vocational and technical competencies and life skills. Students at the center acquire technological competencies or upgrading competencies through curricula that is validated by business and industry on a regular basis. Instruction and community service are designed to meet the present and emerging occupational needs of the local community, state, region, and nation. The Billings center staff provide vocational-technical training in agricultural, business, health, home economics, office, technical, and trade/industrial occupations.

sudget Issues

Instruction Program

The Instruction Program includes all expenditures for personal services, operating expenses, and equipment for all activities that are part of instruction including related occupational and vocational-technical instruction.

The Instruction Program budget was developed using FY90 actual 334 student FTE and a snapshot of faculty FTE levels for personal services to develop a cost per student. To prepare the 1993 biennium budget, this FY90 cost per student was multiplied by the FY89 and FY90 student FTE average of 344.

In addition, the FY90 actual student FTE and a snapshot of non-faculty support staff were

used to develop a cost per student. This FY90 cost of \$274 per student was multiplied by average student FTE to arrive a budget for support FTE, operating expenses, and equipment. Because enrollment declined in FY90 at the center, this two-year average student FTE formula has the affect of increasing the Vo-tech Instruction Program budget over FY90 actual expenditures. Three faculty positions were eliminated due to both long-term vacancies and declining enrollments.

Support Program

The Support Program includes support services for Academic, Institutional, and Student Services Programs including library materials, services that directly assist the academic functions, audio-visual services, administration, personnel development, and support for course and curriculum development. The recommended FY92-93 budget is based on an average student FTE enrollment of 344, with a support rate of \$1,784 per student.

Plant Operation and Maintenance

The Plant Operation and Maintenance Program includes expenditures of current operating funds for the physical plant to provide services and maintenance for the grounds, facilities, utilities, fire protection, and janitorial services.

The recommended FY92-93 budget is derived incrementally. Personal services remain constant at the FY90-91 budgeted level. Operating expenses are increased for inflation in such items as utilities, supplies, and materials. Equipment is budgeted in accord with the agency request due to indirect school district support and sharing of equipment no longer being available.

BUTTE VOCATIONAL TECHNICAL CENTER

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Fiscal 1992Incr/Decr Recommended	Base	Fiscal 1993 - Incr/Decr	iscal 1993Incr/Decr Recommended
Full Time Equivalent Employees	38.40	38.40	38.52	.25	38.77	38.52	.25	38.77
Personal Services	1,292,092.59	1,331,564	1,329,170	29,779	1,358,949	1,329,485	29,845	1,359,330
Operating Expenses	276,814.68	324,332	337,780	-37,907	299,873	339,102	-38,365	300,737
Equipment	51,156.80	84,113	73,988	-21,414	52,574	73,988	-21,414	52,574
Debt Service	11,736.16	0	11,737	-1,612	10,125	11,737	-1,612	10,125
Total Agency Costs	\$1,631,800.23	\$1,740,009	\$1,752,675	\$-31,154	\$1,721,521	\$1,754,312	8-31,546	\$1,722,766
Current Jacottriched Fund	1 631 800 23	1 740 009	1.752.675	-31.154	1.721.521	1.754.312	-31,546	1,722,766
Total Funding Costs	\$1,631,800.23	\$1,740,009	\$1,752,675	\$-31,154	\$1,721,521	\$1,754,312	8-31,546	\$1,722,766
Instruction	939,804.77	959,333	959,512	-7,080		959,911		952,587
Academic Support	116,752.49	141,505	164,633	-32,015		165,481		132,618
Student Services	207,723.14	235,971	222,331	13,618		222,487		235,949
Institutional Support	155,197.15	168,424	172,792	1,662	174,454	172,838		174,454
Plant Operation & Maintenance	212,322.68	234,776	233,407	-7,339		233,595		227,158
Total Program Costs	\$1,631,800.23	\$1,740,009	\$1,752,675	\$-31,154	\$	\$1,754,312		\$1,722,766

Agency Description

The Butte Vocational Technical Center primary objectives are to prepare students for employment and to provide trained workers for Montana employers. The center staff provide both core- related education and occupationally-specific instruction to meet a variety of employment needs within its service area. In addition to the core curriculum in applied mathematics, communications, human relations, cooperative work experience, and microcomputer literacy, the center offers eleven principal programs of study with eleven options within those programs. The principal programs of study are in the areas of business and office occupations, health occupations, technical occupations, and trades and industrial occupations. The Civil Engineering Technology Program is unique to the Butte Vo-tech within the system of five centers in the state.

Budget Issues

Instruction Program

The Instruction Program includes all expenditures for personal services, operating expenses, and equipment for all activities that are part of the instruction, including related occupational and vocational instruction.

The recommended FY92-93 budget was developed using FY90 actual 280 student FTE and a snapshot of faculty FTE levels for personal services to develop a cost per student. To prepare the 1993 biennium budget, the FY90 cost per student was multiplied by the FY89

and FY90 student FTE average of 317.

In addition, the FY90 actual student FTE and a snapshot of non-faculty support staff were used to develop a cost per student. This FY90 support rate of \$402 per student was multiplied by average student FTE to arrive at a budget for support FTE, operating expenses, and equipment. Because enrollment declined significantly, by 21% from 354 FTE students in FY89 to 280 in FY90, this two-year average student FTE formula significantly increases the Butte Vo-tech Instruction Program budget over FY90 actual expenditures.

Support Program

The Support Program includes support services for Academic, Institutional, and Student Services Programs such as library materials and support for course and curriculum development. The recommended FY92-93 budget is based on an average student FTE enrollment of 317, with a support rate of \$1,713 per student.

Plant Operation and Maintenance

The Plant Operation and Maintenance Program includes expenditures of current operating funds for the physical plant to provide ground and facilities services and maintenance. The recommended FY92-93 budget is derived incrementally. Personal services remain constant at the FY90-91 budgeted level. Operating expenses increase for inflation in such items as utilities, supplies, and materials. Equipment is budgeted in accord with the agency request due to indirect school district support and sharing of equipment no longer being available.

GREAT FALLS VOCATIONAL TECHNICAL CENTER

	Fiscal 1990	Fiscal 1991		Fiscal 1992			Fiscal 1993	
	Actual	Appropriated	Base	Incr/Decr	Incr/Decr Recommended	Base	Incr/Decr	Kecommended
Full Time Equivalent Employees	57.00	57.00	64.60	-3.60	61.00	64.10	-3.10	61.00
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Personal Services	1,633,698.22	1,589,963	1,598,316	1/9,060	1,777,576	1,598,546	1/9,814	1,7/8,360
Operating Expenses	319,097.52	375,442	353,099	51,305	404,404	352,970	62,749	415,719
Equipment :	108,458.15	99,864	79,379	-62,116	17,263	79,379	-75,688	3,691
Debt Service	15,264.00	0	0	0	0	0	0	0
Total Agency Costs	\$2,076,517.89	\$2,065,269	\$2,030,794	\$168,249	\$2,199,043	\$2,030,895	\$166,875	\$2,197,770
Current Unrestricted Fund	2,076,517.89	2,065,269	2,030,794	168,249	2,199,043	2,030,895	166,875	2,197,770
Total Funding Costs	\$2,076,517.89	\$2,065,269	\$2,030,794	\$168,249	\$2,199,043	\$2,030,895	\$166,875	\$2,197,770
Instruction	1,280,355.69	1,311,012	1,277,711	109,985	1,387,696	1,278,733	108,950	1,387,683
Academic Support	141,694.16	158,587	143,300	1,476	144,776	143,421	1,355	144,776
Student Services	168,220.28	136,822	145,488	26,389	171,877	145,521	26,356	171,877
Institutional Support	222,827.58	187,395	197,512	30,161	227,673	197,686	29,987	227,673
Plant Operation & Maintenance	263,420.18	271,453	266,783	238	267,021	265,534	227	265,761
Total Program Costs	\$2,076,517.89	\$2,065,269	\$2,030,794	\$168,249	\$2,199,043	\$2,030,895	\$166,875	\$2,197,770

Agency Description

relations and, when appropriate, safety, industrial safety, and environmental awareness. Academic skill-building laboratories to support technical training programs offer The Great Falls Vocational Technical Center primary objectives are to prepare students for employment and to provide trained workers for employment opportunities. The related education core curriculum includes courses in communication, computation, and human Emergency Medical Technician/Paramedic, Occupational Therapy Assistant, Respiratory Therapist, Dental Receptionist, Medical Office Assistant, and Jewelry, Watch, and individualized learning opportunities in reading, language, mathematics and study skills. offerings that are unique to the center are: Child Care Specialist, Dental Assistant, Twenty-two programs are offered in three occupational specialty areas of health, business, and trades and industry. Within the state five-center system, the vocational-technical Microprecision Repair.

Budget Issues

Instruction Program

The Instruction Program includes all expenditures for personal services, operating expenses, and equipment for all activities that are part of instruction. The recommended FY92-93 budget was developed using FY90 actual 503 student FTE and a snapshot of faculty FTE levels for personal services to develop a cost per student. To prepare the 1993 biennium budget, this FY90 cost per student was multiplied by the FY89 and FY90 student FTE

average of 514, In addition, the FY90 actual student FTE and a snapshot of non-faculty support staff were used to develop a cost per student. This FY90 cost of \$430 per student was multiplied by average student FTE to arrive at a budget for support FTE, operating expenses, and equipment. Because enrollment declined slightly from 525 students in FY89 to 503 in FY90 at the center, this two-year average student FTE formula has the affect of increasing the Great Falls Vo-tech Instruction Program budget over FY90 actual expenditures.

Support Program

The Support Program includes Academic, Student and Institutional support services such as library materials, and curriculum development. The recommended FY92-93 budget is based on an average student FTE enrollment of 514, with a support rate per student of

Plant Operation and Maintenance

increased for inflation and equipment is budgeted in accord with the agency request due to indirect school district support and sharing of equipment no longer being available. The Plant Operation and Maintenance Program includes expenditures of current operating Personal services remain constant at the FY90-91 budgeted level. Operating expenses are funds for the physical plant. The recommended FY92-93 budget is derived incrementally

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 - Incr/Decr	Fiscal 1992Incr/Decr Recommended	Base	Fiscal 1993 Incr/Decr	Fiscal 1993
Full Time Equivalent Employees	60.00	60.00	59.00	-3.00	56.00	59.00	-3.00	56.00
Personal Services Operating Expenses Equipment Debt Service Total Agency Costs	1,867,437.30 435,333.18 146,810.37 11,844.00 \$2,461,424.85	1,870,031 575,244 124,247 0 82,569,522	1,868,718 591,302 124,247 0 \$2,584,267	78,237 -19,907 -1,589 0 \$56,741	1,946,955 571,395 122,658 0 \$2,641,008	1,868,928 591,568 124,247 0 \$2,584,743	78,188 -19,855 -1,589 0 0 \$56,744	1,947,116 571,713 122,658 0 82,641,487
Current Unrestricted Fund Total Funding Costs	2,461,424.85 \$2,461,424.85	\$2,569,522	2,584,267	\$56,741	2,641,008 \$2,641,008	\$2,584,743	\$56,744	2,641,487 \$2,641,487
Instruction Academic Support Student Services Institutional Support Plant Operation & Maintenance Total Program Costs	1,495,550.93 242,558.50 225,000.00 207,269.91 291,045.51 \$2,461,424,85	1,545,416 221,112 210,000 188,072 404,922 \$2,569,522	1,546,131 221,274 214,525 201,263 401,074 \$2,584,267	-32,853 40,794 28,572 22,680 -2,452 \$\$6,741	1,513,278 262,068 243,097 223,943 398,622 \$2,641,008	1,546,858 221,425 214,932 201,377 400,151 \$2,584,743	-33,364 40,643 28,165 22,566 -1,266 \$\$6,744	1,513,494 262,068 243,097 223,943 398,885 \$2,641,487

The Helena Vocational Technical Center primary objectives are to prepare postsecondary students for employment and to provide trained workers for employment opportunities. The Helena Vo-Tech staff provide vocational training in agricultural, business, health, home economics, office, technical, and trade/industrial occupations. Programs unique to the Helena Center are: Carpentry, Truck-Diesel Mechanics, and Airframe and Powerplant Technology.

Budget Issues

Instruction Program

The Instruction Program includes all expenditures for personal services, operating expenses, and equipment for all activities that are part instruction, including related occupational and vocational instruction.

The recommended FY92-93 budget was developed using FY90 actual 436 student FTE and a snapshot of faculty FTE levels for personal services to develop a cost per student. To prepare the 1993 biennium budget, this FY90 cost per student was multiplied by the FY89 and FY90 student FTE average of 471 students. Two and one-half faculty positions were eliminated due to both long-term vacancies and declining enrollments.

In addition, the FY90 actual student FTE and a snapshot of non-faculty support staff were used to develop a cost per student. This FY90 support rate of \$515 per student was multiplied by average student FTE to arrive at a budget for support FTE, operating expenses, and equipment. Because enrollment declined significantly by 14% from FY89 to FY90, this two-year average student FTE formula has the affect of increasing the Helena Vo-tech Instruction Program budget over FY90 actual expenditures.

Support Program

The Support Program includes support services for Academic, Institutional, and Student Services Programs including library materials, services that directly assist the academic functions, audio-visual services, administration and personnel development, and support for course and curriculum development. The recommended FY92-93 budget is based on an average student FTE enrollment of 471 with a support rate of \$1,548 per student.

Plant Operations and Maintenance

The Plant Operations and Maintenance Program includes expenditures of current operating funds for the physical plant. The recommended FY92-93 budget is derived incrementally. Personal services remain constant at the FY90-91 budgeted level of expenditure. Operating expenses are increased for inflation in such items as utilities, supplies, and materials. Equipment is budgeted in accord with the agency request due to indirect school district support and sharing of equipment no longer being available.

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992Incr/Decr Recommended	ecommended	Base	Fiscal 1993 - Incr/Decr	riscal 1993
Full Time Equivalent Employees	61.80	61.80	67.30	00.	67.30	67.30	00.	67.30
Personal Services Operating Expenses Equipment Total Agency Costs	2,219,564.00 457,300.50 54,787.17 \$2,731,651.67	2,111,807 507,616 132,499 \$2,751,922	2,110,409 529,514 132,499 \$2,772,422	200,566 -49,455 -87,812 \$63,299	2,310,975 480,059 44,687 \$2,835,721	2,110,706 528,550 132,499 \$2,771,755	200,574 -50,119 -87,812 \$62,643	2,311,280 478,431 44,687 \$2,834,398
Current Unrestricted Fund Total Funding Costs	\$2,731,651.67	\$2,751,922	\$2,772,422	63,299 \$63,299	\$2,835,721	2,771,755 \$2,771,755	\$62,643	2,834,398 \$2,834,398
Instruction Academic Support Student Services Institutional Support Plant Operation & Maintenance Total Program Costs	1,565,539.23 168,111.15 295,421.43 351,247.46 351,332.40 \$2,731,651.67	1,590,213 153,376 301,584 341,398 365,351 \$2,751,922	1,590,299 156,137 301,130 363,007 361,849 \$2,772,422	32,042 18,772 6,238 2,444 2,444 3,803 \$63,299	1,622,341 174,909 307,368 365,451 365,652 \$2,835,721	1,590,573 156,427 301,160 363,108 360,487 \$2,771,755	31,869 18,482 6,208 2,343 3,741 \$62,643	1,622,442 174,909 307,368 365,451 364,228 \$2,834,398

Missoula Vocational Technical Center is a two-year postsecondary educational institution offering occupational programs that prepare individuals for employment in a specific occupation or cluster of occupations. Occupationally-specific instruction is offered in agriculture, business, computer and information sciences, engineering-related technologies, health, home economics, law, protective services, public affairs, and trade and industrial. Offerings that are unique to the Missoula center are: commercial truck operation, fashion merchandising, retail merchandising, legal assisting, microcomputing systems and applications, medical reception, heavy equipment mechanics, heavy equipment operation, and surgical technology.

Budget Issues

Instruction Program

The Instruction Program includes all expenditures for personal services, operating expenses, and equipment for all activities that are part of instruction.

The recommended FY92-93 budget was developed using FY90 actual 446 student FTE and a snapshot of faculty FTE levels for personals services to develop a cost per student. To prepare the 1993 biennium budget, the FY90 cost per student was multiplied by the FY89 and FY90 student FTE average of 464.

In addition, the FY90 actual student FTE and a snapshot of non-faculty support staff were used to develop a cost per student. This FY90 support rate of \$402 per student was multiplied by average student FTE to arrive at a budget for support FTE, operating expenses, and equipment. Because enrollment declined from 482 students in FY89 to 446 in FY90, this two-year average student FTE formula has the affect of increasing the votech Instruction Program budget over FY90 actual expenditures.

Support Program

The Support Program includes support services for Academic, Institutional, and Student Services Programs including library materials, services that directly assist the academic functions, audio-visual services, administration and personnel development, and support for course and curriculum development. The recommended FY92-93 budget is based on an average student FTE enrollment of 464 with a support rate of \$1,827 per student.

Plant Operations and Maintenance

The Plant Operations and Maintenance Program includes expenditures of current operating funds for the physical plant. The recommended FY92-93 budget was derived incrementally. Personal Services remain constant at the FY90-91 budgeted level of expenditure. Operating expenses are increased for inflation and equipment is budgeted based on the agency request due to indirect school district support and sharing of equipment no longer being available.

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr Recor	Fiscal 1992Incr/Decr Recommended	Base	Fiscal 1993 Incr/Decr Re	Fiscal 1993Incr/Decr Recommended
Full Time Equivalent Employees	16.85	17.00	16.00	2.00	18.00	16.00	2.00	18.00
Personal Services Operating Expenses Equipment Grants Benefits and Claims Total Agency Costs General Fund State Special Revenue Fund Federal Special Revenue Fund Justice System Support Service	465,068.36 157,819.01 7,519.58 2,128,257.62 343,390.05 83,102,054.62 409,614.84 2,410,935.84 2,410,935.84 83,102,054.62 3,102,054.62	533,419 226,436 4,645 3,803,773 375,000 54,943,273 448,480 433,665 4,061,128 54,943,273	482,400 169,086 0 2,133,500 375,000 \$3,159,986 447,359 433,665 2,278,962 \$3,159,986	53,719 47,979 14,297 1,127,218 51,243,213 36,001 29,236 1,177,976 \$1,243,213	536,119 217,065 14,297 3,260,718 375,000 \$4,403,199 \$4,403,199	482,019 170,038 0 2,133,500 375,000 \$3,160,557 447,930 433,665 2,278,962 \$3,160,557	\$3,599 \$3,119 6,085 1,154,218 0 \$1,267,021 \$1,267,021 1,267,021	535,618 223,157 6,085 3,287,718 375,000 \$4,427,578 \$4,427,578 4,427,578
Total Program Costs	\$3,102,054.62	\$4,943,273	\$3,159,986	\$1,243,213	\$4,403,199	\$3,160,557	\$1,267,021	\$4,427,578

The Board of Crime Control was created under the authority of 2-15-2006, MCA. The eighteen member supervisory board appointed by the Governor acts as the state justice planning agency and works to promote public safety and coordination of the criminal and juvenile justice system. Under the supervision of the board, the Crime Control Division provides financial support, technical assistance, and supportive services to state and local criminal justice agencies.

The board makes awards for several federal grant programs for which the Crime Control Division provides monitoring and reporting support. The grants are made under several different programs including State and Local Narcotics Assistance, Drug Free Schools (which provides funding for Project DARE), Juvenile Justice and Delinquency Prevention Act, and Crime Victim Assistance.

Other services provided by the Crime Control Division include the Montana Uniform Crime Reporting System (MUCRS); Peace Officers Standards and Training; the Youth Services Advisory Council created under the Governor's Executive Order 13-89, which provides advisory services to the Governor and the Department of Family Services; victims compensation and assistance; criminal justice statistical analysis and data base; and various other services relating to criminal and juvenile justice.

Budget Issues

Increases Over Base

1. Authority for narcotics control and anti-drug grants is increased by 1.00 FTE project evaluator and over \$900,000 per year in additional federal grants. Total federal grant authority for Narcotics Control Assistance is scheduled to be \$2,225,000 per year for the 1993 biennium, continuing the federal trend of increased anti-drug emphasis. The increased availability of federal funds and corresponding increase in grant applications and awards creates the need for additional administrative support. General fund for this effort increases by \$27,000 in FY92 and \$54,000 in FY93 due to a change in the method of providing the state match for federal funds and a scheduled decrease in the federal match rate from 75% to 50% during FY93. The state match for grants is currently provided on an aggregate basis by local subgrantees, but provision of the matching funds is being shifted to the state level in anticipation of the burden that an increased matching requirement will impose on local agencies.

2. Juvenile justice planning and administration expenses increase general fund by \$7,500 and federal revenue by \$21,000 each year of the 1993 biennium due to increased federal grant activity, planning, and implementation required to comply with a federal mandate to remove juvenile offenders from adult jails. Additional resources necessary to support the Youth Services Advisory Council also are included in this increase. The \$21,000 federal match is provided by the administrative portion of the \$325,000 ongoing annual allotment under the Juvenile Justice and Delinquency Prevention Act.

- 3. There is added a 1.00 FTE administrator for the victims assistance portion of the federal Victims of Crime Act. The costs of the additional FTE and associated operating expenses are funded by state special revenue derived from fines, penalties, and forfeitures, subject to a change in the statutory language of the state Victims Compensation Act. The federal act does not allow any use of federal funds for administration of the various victim assistance projects even though the grant application review, accountability, and reporting process is the same as for the other federal grant programs. The total amount of federal funds available to the state also is increased from \$225,000 to \$332,000 per year.
- 4. Federal funding under the Drug Free Schools and Communities Act increases by nearly \$127,000 per year. The majority of the increased funds will be used to support PROJECT DARE which has been a highly successful prevention/education program in elementary schools throughout the state. A small amount of the increase will be used for administrative costs. There is no state or local match requirement for receipt of these funds.

HIGHWAY TRAFFIC SAFETY

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992Incr/Decr Recommended	ecommended	Base	Fiscal 1993 Incr/Decr Rec	iscal 1993 Incr/Decr Recommended
Full Time Equivalent Employees	8.50	8.50	8.50	00.	8.50	8.50	000	8.50
Personal Services Operating Expenses Equipment Local Assistance Grants Total Agency Costs General Fund State Special Revenue Fund Federal Special Revenue Fund	224,534.20 184,801.18 2,333.99 200,000.00 820,000.00 \$1,431,669.37 200,000.00 60,949.83 1,170,719.54	275,679 193,378 3,000 200,000 720,000 \$1,392,057 200,000 76,030 1,116,027	263,533 198,371 3,000 200,000 520,000 \$1,184,904 200,000 75,734 909,170	610 348 0 200,000 0 \$200,958 200,000 317 641	264,143 198,719 3,000 400,000 520,000 \$1,385,862 400,000 76,051 909,811	263,259 198,578 3,000 200,000 520,000 \$1,184,837 200,000 75,813 909,024	\$200,000 \$200,000 \$200,753 \$200,000 \$226 \$27	263,866 198,724 3,000 400,000 520,000 \$1,385,590 400,000 76,039 909,551
Total Funding Costs	\$1,431,669.37	\$1,392,057	\$1,184,904	\$200,958	\$1,385,862	\$1,184,837	\$200,753	\$1,385,590
Highway Traffic Safety Total Program Costs	\$1,431,669.37	1,392,057 \$1,392,057	1,184,904 \$1,184,904	\$200,958	1,385,862 \$1,385,862	\$1,184,837	\$200,753	1,385,590

Agency Description

The Highway Traffic Safety Program was established by Title 61, Chapter 2, MCA, to promote public safety, health, and welfare through efforts directed toward reducing death, injury, and property loss resulting from traffic accidents. Diverse projects are developed and maintained throughout various levels of government to ensure a stable, long-term statewide program.

Budget Issues

Federal special incentive funds of \$200,000 per year currently passed through to DUI task forces will not be available during the 1993 biennium. The recommended budget reflects replacement of these funds with general fund to be offset by a proposed doubling of driver license reinstatement fees from \$50 to \$100. The general fund is to be offset entirely by license reinstatement fees and will be used to reimburse counties having approved alcohol/driver safety plans only as the fees applicable to each county are collected. Fees attributable to counties without approved plans will remain in the general fund.

DEPARTMENT OF JUSTICE

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	- Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	602.25	601.25	600.50	26.75	627.25	600.50	27.00	627.50
Personal Services	17,702,968.98	18,702,567	18,711,064	940,499	19,651,563	18,700,107	960,863	19,660,970
Operating Expenses	5,845,242.36	6,184,903	6,106,567	251,690	6,358,257	6,135,481	211,377	6,346,858
Equipment	1,665,027.21	1,452,579	1,223,820	562,940	1,786,760	1,223,820	50,135	1,273,955
Local Assistance	11,918,000.00	13,430,000	0	0	0	0	0	0
Transfers	0.00	7,000,000	0	0	0	0	0	0
Debt Service	36,453.94	0	0	34,122	34,122	0	34,122	34,122
Total Agency Costs	\$37,167,692.49	\$46,770,049	\$26,041,451	\$1,789,251	\$27,830,702	\$26,059,408	\$1,256,497	\$27,315,905
Conord Kund	0 885 144 21	10 540 266	10 708 203	777 796	11 005 479	10 707 641	362 122	11 038 966
Chate Crecial Devenue Fund	25,600,256.84	34 337 745	13 897 994	1 363 075	15.256.069	13,000,11	931 108	14.840.122
Endered Cracial Devenue Fund	1 1 2 7 8 40 88	750 476	842,651	125.768	968 419	844 909	900.67	23.000
Drogrietory Find	545 441 56	644 562	507 603	3 132	600,735	597 844	3.090	720,009
Total Funding Costs	01 (09 291 713	\$46 770 049	626 041 451	\$1 789 251	\$27 830 702	\$26.059,408	\$1.256.497	\$27.315.905
cico Simila a mont	7-1061016100	10001100						
Legal Services	1.138.085.95	1.260.533	1.235.100	10.804	1,245,904	1,229,313	10,411	1,239,724
Agency Legal Services	536,974.56	588,399	589,666	1,005	590,671	589,853	950	590,803
Gambling Control	13,303,577.54	21,953,052	1,661,649	420,681	2,082,330	1,660,946	231,902	1,892,848
Motor Vehicle	4,778,817.96		4,985,520	208,887	5,194,407	4,986,623	190,517	5,177,140
Highway Patrol	11,115,533.56	11,310,205	11,049,693	751,014	11,800,707	11,065,986	596,528	11,662,514
Registrar's Bureau	0.00	71,400	0	0	0	0	0	0
Law Enforcement Services	1,679,365.93	1,804,167	1,801,099	77,705	1,878,804	1,803,756	27,040	1,830,796
County Attorney Payroll	1,012,137.15	1,003,551	1,056,404	0	1,056,404	1,057,745	0	1,057,745
Law Enforcement Academy	583,390.70	600,425	563,727	48,875	612,602	562,965	48,731	969,119
Central Services	979,211.92	981,272	1,011,836	20,087	1,102,523	1,014,541	90,673	1,105,214
Data Processing	932,828.62	268,666	912,947	102,820	1,015,767	912,423	58,084	970,507
Extradition & Transp Prisoners	191,751.41	146,875	148,993	18	149,011	149,002	∞	149,010
Forensic Science	916,017.19	1,030,307	1,024,817	76,755	1,101,572	1,026,255	1,653	1,027,908
Total Program Costs	\$37,167,692.49	\$46,770,049	\$26,041,451	\$1,789,251	\$27,830,702	\$26,059,408	\$1,256,497	\$27,315,905

Agency Description

The Department of Justice, under the direction of the attorney general, provides the state-level leadership and coordination necessary for effective law enforcement and public safety, as authorized in 2-15-501, MCA. The goals of the department include: provision of the best possible legal representation for the state and its political subdivisions in criminal appeals; provision of legal services for state, county, and municipal agencies and officials; provision of effective, uniform statewide regulation of gambling activities in the

state; timely collection and distribution of gambling-related license fees and taxes to local entities; enforcement of state traffic and motor vehicle registration laws and regulations; enforcement of the state fire codes and regulations; timely provision of assistance and investigatory services to local law enforcement agencies; and effective management of a statewide system of death investigations plus provision of scientific analyses of specimens submitted by law enforcement officials, coroners, and state agencies.

The department is composed of many different programs necessary to meet the statutory

requirements and department goals. The programs are: Legal Services Division, which includes Indian Legal Jurisdiction and County Prosecutor Services; Agency Legal Services; Gambling Control; Motor Vehicle Division, which includes the Driver Services Bureau and the Registrar's Bureau; Highway Patrol Division; Law Enforcement Service Division, which includes the Fire Marshal Bureau, identification and investigation bureaus; County Attorney Payroll; Law Enforcement Academy; Central Services; Data Processing; Extradition and Transportation of Prisoners; and the Forensic Science Division.

SB431 and the Governor's Executive Order 11-89, effective July 1, 1989 for FY90, provided for the administration, licensure, and regulation of gambling laws to be consolidated in the Department of Justice. The Gambling Control Division assumed the responsibilities and staff of the Video Gaming Bureau from the Department of Commerce and investigatory and enforcement responsibilities from the Department of Revenue as part of the consolidation. The Gambling Control Division is funded by state special revenue from gambling license and permit fees.

Budget Issues

Increases Over Base

- 1. The Gambling Control Program recommended budget adds 10.00 FTE for investigation, auditing, and support staff and the associated operating and equipment expenses. The increase is \$616,000 in FY92, including amounts for equipment and vehicle purchases, and \$427,000 in FY93. The expansion is necessary because of increasing caseloads for investigation, video machine inspections, and audits.
- The Gambling Control Program also includes an increase of \$15,000 per year for investigative "buy money."
- 3. The Motor Vehicle Division Program contains an increase of 8.00 FTE and associated operating expenses, including rent, and equipment for additional driver services "express stations." The increase is designed to provide more expedient driver licensing service to the public in larger stations. Total general fund cost of the increase is about \$350,000 for the biennium, with a slightly higher amount in FY92 than FY93 due to computer and office equipment purchases. Other increases include overtime for driver service staff at \$16,000 each year.
- 4. The Highway Patrol Division Program contains an increase of 8.00 FTE, allocated as 4.00 FTE patrol officers and 4.00 FTE dispatchers, with corresponding increases in supplies, gasoline, vehicles, and equipment. The increases, which are funded by highway state special revenue, total about \$310,000 in FY92 and \$218,000 in FY93.
- 5. The Highway Patrol Division Program also contains increases of \$110,000 each year for reimbursement of county detention center costs for prisoners arrested by the patrol and housed in local facilities. Reimbursable costs increased significantly during the 1991 biennium due to a statutory change by the 1989 Legislature to remove the \$20 per day reimbursement rate ceiling.
- Another Highway Patrol Program increase is directed toward the purchase of additional hand-held radios for patrol officers to provide for increased mobile communication capabilities. The increase is \$51,000 in FY92.

- 7. Highway Patrol Div. overtime expenses increase \$150,000 per year. The base doesn't include overtime; however, it is generally considered a routine expense for patrol officers.
- 8. The Law Enforcement Services Division budget contains an additional 1.00 FTE general criminal investigator and related operating costs at a general fund increase of \$42,500 in FY92 and \$37,300 in FY93.
- 9. The Law Enforcement Academy Program includes a general fund increase of \$48,000 per year for the pre-scrvice function authorized by HB146 during the 1989 Legislature. Under this provision, training is available at the Montana Law Enforcement Academy for individuals who meet the admission qualifications but are not yet law enforcement officers. Tuition is charged for the ten-week training course and the amount of the increase is based upon enrollment of 32 students per year. The function was implemented during FY91 as a proprietary fund but is recommended to be general fund with tuition fees accounted for as general fund revenue during the 1993 biennium.
- 10. The Data Processing Division Program budget includes two increases related to state mainframe access. Over \$50,000 per year for increases in the flat agency processing fee and \$49,000 in FY92 only for replacement of an air conditioning unit essential to operation of the mainframe utilized by the department.
- 11. The Central Services Division Program increases \$85,000 each year for the collection and transfer of driver license fees to the Highway Patrol officer's pension trust fund.
- 12. Various operating expense and replacement equipment increases also are included in the recommended budget for the agency. For example, the Forensic Science Division Program includes a significant laboratory equipment replacement in FY92.

Decreases Under Base

1. Operating expenses in the Gambling Control Program decrease by over \$210,00 each year from base amounts, primarily due to reductions in professional and consulting services.

Other Issues

- 1. The Fire Marshal Bureau has extensive statutory responsibility for fire inspections of public buildings and certain community homes and centers, as well as fire investigation and incident reporting. The department has identified two primary issues in the area of inspections: (1) the inability to fulfill all statutory inspection requirements which increases the potential liability for the state, and (2) the possible inappropriateness of building inspection functions being located in an agency primarily devoted to law enforcement and investigations. The department is providing staff support to a study group which is examining the public safety inspection functions of state agencies in an effort to coordinate functions during the 1993 biennium and to possibly prepare safety inspection recommendations for consideration by the 1993 Legislature.
- Certain funding adjustments are included in the recommended budget for the agency.
 The federal matching rate for drug enforcement is scheduled to decrease from 75% to 50% during FY93, with a corresponding increase in general fund. The Central Service Program indirect cost allocation is adjusted for both years of the biennium to provide for an allocation to gambling license fee revenue in recognition of the impact of the Gambling Control Program on agency operations.

PUBLIC SERVICE REGULATION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr R	Fiscal 1992	Base	Fiscal 1993 - Incr/Decr	iscal 1993 Incr/Decr Recommended
Full Time Equivalent Employees	46.00	46.00	46.00	1.00	47.00	46.00	2.00	48.00
Personal Services	1,372,336.06	1,504,964	1,525,671	33,087	1,558,758	1,524,640	63,043	1.587,683
Operating Expenses	304,111.47	394,825	388,150	13,176	401,326	389,550	122,864	512,414
Equipment	45,910.82	21,520	21,520	30,296	51,816	21,520	20,559	42,079
Total Agency Costs	\$1,722,358.35	\$1,921,309	\$1,935,341	\$76,559	\$2,011,900	\$1,935,710	\$206,466	\$2,142,176
General Fund	1,683,402.36	1,875,791	1,889,823	76,159	1,965,982	1,890,192	206,066	2,096,258
Federal Special Revenue Fund	21,780.03	25,518	25,518	400	25,918	25,518	400	25,918
Proprietary Fund	17,175.96	20,000	20,000	0	20,000	20,000	0	20,000
Total Funding Costs	\$1,722,358.35	\$1,921,309	\$1,935,341	\$76,559	\$2,011,900	\$1,935,710	\$206,466	\$2,142,176
Public Service Regulation	1,722,358.35	1,921,309	1,935,341	76,559	2,011,900	1,935,710	206,466	2,142,176
Total Program Costs	\$1,722,358.35	\$1,921,309	\$1,935,341	\$76,559	\$2,011,900	\$1,935,710	\$206,466	\$2,142,176

Agency Description

The Department of Public Service Regulation regulates the public utility, motor carrier, and railroad industries to provide safe, reliable, and adequate services to consumers at the lowest possible cost while concurrently providing the regulated industries with a fair and reasonable profit.

Budget Issues

Travel/Registration Fees

The executive budget includes an increase of \$25,000 each year of the 1993 biennium for travel and registration fees. The department and its commissioners propose to increase their participation in regional and national associations, local and interstate conferences, federal hearings before the Federal Regulatory Commission, and commission hearings around the state. The commissioners instructed auditors and staff to increase the number of site visits to local public utilities in order to explain and/or present information about the Public Service Regulation, its various functions and responsibilities.

Utility Management Audit

The executive budget adds 1.00 FTE in FY92 and 2.00 FTE in FY93 along with \$48,218 in FY92 and \$175,380 in FY93 to promote and encourage efficient and effective utility management. A variety of management initiatives are available which promote cost-effective delivery and/or consumption of public utilities. For instance, various technological changes can enhance the delivery and/or cost effectiveness of public utilities. The department proposes to broaden its analysis to include the operation and management

systems of public utilities.

The executive budget includes an increase of \$30,296 in FY92 and \$20,559 in FY93 for the replacement of depreciated vehicles and equipment. The total equipment budget of \$51,816 in FY92 and \$42,079 in FY93 includes \$12,412 in FY92 and \$23,709 in FY93 for the replacement of three vehicles; \$4,460 in FY92 and \$8,920 in FY93 for radio equipment; and \$34,944 in FY92 and \$9,450 in FY93 for computers, laser printers, computer accessories, and office equipment.

Funding

The Public Service Commission is funded with general fund. The amount of general fund appropriated by the legislature is refunded by a utility tax. The utility tax rate established by the legislature is, in turn, based upon the general fund appropriation. The Public Service Commission also receives federal revenue for the Natural Gas Pipeline Safety

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	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr Rec	scal 1992 Incr/Decr Recommended	Base	Fiscal 1993 - Incr/Decr	Recommended
Full Time Equivalent Employees	4.00	4.00	4.00	.00	4.00	4.00	00	4.00
Personal Services Operating Expenses Equipment Total Agency Costs	129,382.49 60,403.94 0.00 \$189,786,43	125,523 61,817 1,000 \$188,340	126,623 65,142 0 0 \$191,765	2,984 2,984 0 83,252	126,891 68,126 0 \$195,017	126,603 65,189 0 101,792	2,985	126,870 68,174 0 8195,044
General Fund State Special Revenue Fund Total Funding Costs	125,014.04 64,772.39 \$189,786.43	117,272 71,068 \$188,340	119,049 72,716 \$191,765	3,252	122,301 72,716 \$195,017	118,878 72,914 \$191,792	3,252	122,130 72,914 \$195,044
Administration Advisory Council Total Program Costs	125,014.04 64,772.39 \$189,786.43	117,272 71,068 \$188,340	119,049 72,716 \$191,765	3,252	122,301 72,716 \$195,017	118,878 72,914 \$191,79 2	3,252	122,130 72,914 \$195,044

The Board of Public Education, created by Article X, Section 9 of the 1972 Montana Constitution, consists of seven voting members appointed by the Governor and confirmed by the senate. The board is charged with exercising "general supervision over the public school system." The board is designated by statute as the governing board of the Montana School for the Deaf and Blind. Together with the Board of Regents, the board does the general planning, coordinating, and evaluating of the state educational system. (Title 20, Chapter 2, MCA).

The board accredits all schools, certifies all teachers, adopts policies for special education and for gifted and talented programs, adopts rules for student assessment, approves or disapproves alternatives in a school day or week, adopts policies and approval procedures for pupil-instruction related days, adopts rules for equivalency of completion of secondary education, and administers and orders the distribution of state equalization aid. Further, the board sets standards for school buses and drivers, prescribes criteria for the establishment of transportation service areas, and prescribes additional criteria for determination of the residence of a pupil. The board accreditation standards are the basis for eligibility for local school districts to receive state funds. Also, the board hears cases regarding denial, suspension, and revocation of teacher certificates and reviews teacher education programs leading to interstate reciprocity.

Board staff administer board meetings, research policy, collect reports, review and write policy for consistency with statutes and rules, format new or amended rules for the administrative codes, keep records of the board actions, provide testimony to the legislature, determine fiscal notes for any changes in standards which impact local school, and maintain liaison with the Superintendent of Public Instruction, the Commissioner of Higher Education, professional organizations, and the public at large.

Budget Issues

Board Hearings

The recommended budget for the Board of Public Education increases by \$3,252 each The recommended budget for the Board of Public Education increases by \$3,252 each district compliance with HB28. The number of hearings on this issue is estimated to be four per year. Support for administration is 100% general fund. Pursuant to 20-4-109, MCA, \$3.00 of the \$5.00 fee collected from the issuance or renewal of teacher or specialist certificates is statutorily-appropriated state special revenue to the board for expenses of the Certification Standards and Practices Advisory Council created in 2-15-1522, MCA. The remaining \$2.00 is credited to the state general fund.

COMMISSIONER OF HIGHER EDUCATION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	- Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	61.95	65.95	60.15	5.30	65.45	60.15	4.80	64.95
	1.538.998.56	1.945.869	1.843.232	125.986	1.969.218	1.839.452	112,790	1.952.242
	1,763,347.15	1,481,926	1,368,478	763,192	2,131,670	1,372,155	763,190	2,135,345
	84,566.91	139,216	26,716	111,100	137,816	26.716	110,000	136,716
	3,269,011.00	3,250,691	3,448,655	3,100	3,451,755	3,448,655	0.900	3,455,255
	6,597,465.91	8,240,439	7,432,965	-22,084	7,410,881	7,432,965	-5,533	7,427,432
	9,812,978.83	11,360,000	11,360,000	1,200,000	12,560,000	11,360,000	3,700,000	15,060,000
	111,723,571.50	118,590,463	120,654,838	3,995,886	124,650,724	120,375,158	3,940,611	124,315,769
	730,905.00	717,068	717,068	-10,813	706,255	717,068	-18,915	698,153
	\$135,520,844.86	\$145,725,672	\$146,851,952	\$6,166,367	\$153,018,319	\$146,572,169	\$8,608,743	\$155,180,912
	103,494,329,38	112,075,345	115,453,275	3,574,230	119,027,505	115,258,762	3,185,745	118,444,507
State Special Revenue Fund	15,083,478.77	13,939,435	11,966,442	518,941	12,485,383	11,882,543	849,961	12,732,504
Federal Special Revenue Fund	6,590,869.67	7,955,946	7,672,404	286,015	7,958,419	7,671,230	285,855	7,957,085
	10,352,167.04	11,754,946	11,759,831	1,787,181	13,547,012	11,759,634	4,287,182	16,046,816
Total Funding Costs	\$135,520,844.86	\$145,725,672	\$146,851,952	\$6,166,367	\$153,018,319	\$146,572,169	\$8,608,743	\$155,180,912
	828,377.66	835,744	908,267	123,611	1,031,878	909,745	109,455	1,019,200
	4,722,704.12	5.041,918	5,041,918	-18.979	5.022,939	5.041.918	1.072	5.042,990
Ed. For Econ. Security Grant	171,650.00	161,561	161,566	5-	161,561	161,566	-5	161,561
Community College Assistance	3,203,911.00	3,182,291	3,380,255	С	3,380,255	3,380,255	0	3,380,255
	10,352,167.04	11,754,946	11,759,831	1,787,181	13,547,012	11,759,634	4,287,182	16,046,816
	263,271.07	320,599	198,156	50,339	248,495	197,692	50,340	248,032
Vo-tech Approp. Distriution	8,975,689.94	9,096,275	9,143,075	156,864	9,299,939	9,147,642	151,311	9,298,953
	3,774,762.07	4,852,112	4,812,187	6,493	4,818,680	4,811,749	6,527	4,818,276
Appropriation Distribution	100,963,502.16	108,013,574	109,223,675	3,839,022	113,062,697	108,939,428	3,789,300	112,728,728
Guaranteed Student Loan	1,398,337.06	1,668,889	1,472,612	232,654	1,705,266	1,472,121	232,476	1,704,597
Board Of Regents-admin	135,567.74	80,695	33,342	0	33,342	33,351	0	33,351
Bd of Regents Bond Payments	730,905.00	717,068	717,068	-10,813	706,255	717,068	-18,915	698,153
Total Program Costs	\$135,520,844.86	\$145,725,672	\$146,851,952	\$6,166,367	\$153,018,319	\$146,572,169	\$8,608,743	\$155,180,912

Agency Description

The commissioner of higher education is the chief administrative officer of the Montana University System. Article X, Section 9 of the Montana constitution provides that the regents appoint the commissioner and prescribe the powers and duties of office. The commissioner's responsibilities include: academic planning and curriculum review; budgetary planning and control; provision of legal services to campuses; facilities

planning; establishment of labor negotiation policies and procedures; and coordination of community colleges and vocational technical centers in accordance with state law and regent policies. The commissioner also administers student aid programs.

There are 12 diversified programs within the Office of the Commissioner of Higher Education (CHE). These are: Administration, Student Assistance, Education for Economic Security, Community College Assistance, MUS Group Insurance, Talent

Search, Vo-tech Appropriation Distribution, Vo-tech Administration, Appropriation Distribution (for MUS), Guaranteed Student Loan, Board of Regents Administration, and Board of Regents Bond Payments.

- 1. The Administration Program budget provides funding for the position and staff of the commissioner to execute the statutory and constitutional responsibilities of the commissioner of higher education. The Administration Program is funded entirely by
- 2. The Student Assistance Program budget includes two major categories of assistance to students: 1) interstate agreements which benefit Montana students pursuing professional education not available in Montana, and 2) financial assistance, grants and scholarships to students meeting specified eligibility criteria. The subprograms are listed

WICHE (Western Interstate Commission for Higher Education) is a student exchange compact which allows Montana students to enroll in out-of-state universities and pay resident tuition. Montana pays for WICHE slots in the fields of medicine, dentistry, veterinary medicine, optometry, public health, occupational therapy, and podiatry. The

of their education at the University of Washington School of Medicine. Community clinical phases are taught in Billings, Missoula, Kalispell, Whitefish, and Great Falls. The WAMI contract, which is subject to appropriation by the legislature, reserves 60 slots for Montana students. WAMI is funded entirely by general fund. WICHE budget is entirely supported by general fund.
WAMI (Washington, Alaska, Montana, Idaho) is a cooperative medical education program which enables Montana students to take their first year of classes at MSU and the balance

Minnesota Rural Dentistry is an agreement with the University of Minnesota to admit and educate dentistry students, funded entirely by general fund.

SEOG (Supplemental Educational Opportunities Program) provides grant assistance to students who are in undergraduate degree or certificate programs. The SEOG budget includes the 15% general fund match to this federally-funded program. The federal

State Work Study provides employment opportunities to students to earn money to pay portion is paid directly to the units.

costs of education, funded entirely by general fund.

SSIG (State Student Incentive Grant) provides grant monies up to \$600 per year per student demonstrating financial need. Funding is half federal, half general fund. Perkins Loan Program (formerly National Direct Student Loan) provides low-interest loan funds to students. Funding is half federal, half general fund.

Paul Douglas Teacher Scholarship is a federally-funded program which provides

scholarships to students pursuing teaching certificates at accredited institutions.

- 3. The Education for Economic Security Grant Program provides a vehicle to receive and distribute federal grant monies to Montana institutions of higher education to train and retrain mathematics and science teachers.
- 4. The Community College Assistance Program provides a vehicle to distribute funds appropriated by the legislature for the support of the three Montana community colleges: Miles Community College in Miles City; Flathead Valley Community College in Kalispell; and Dawson Community College in Glendive.
- 5. The MUS Group Insurance Program provides group insurance benefits to faculty and staff employees of the university system, vo-tech centers, and the Office of the

The program is funded by state and employees' contributions, and interest earnings on investments. Commissioner of Higher Education.

- 6. The Talent Search Program utilizes a federal grant awarded by the U.S. Department of Education to provide career and financial aid counseling to low-income, physically handicapped, or culturally deprived students. The program objectives are to decrease the dropout rate in targeted high schools and to increase enrollment of disadvantaged students in Montana post-secondary institutions.
- 7. The Vocational-Technical Appropriation Distribution Program serves as the vehicle for transfer of state general fund, county millage, and Carl Perkins federal vocational education funds to the five vocational technical centers. Please refer to the vo-tech center narrative for a detailed breakout of state-appropriated support by funding source.
- 8. The Vocational-Technical Administration Program is the program by which the regents administer federal Carl Perkins Vocational Act funds. This program budget includes federal funds and the federally-mandated state fund cost-sharing match.
- 9. The Appropriation Distribution Program (for Montana University System) serves as the vehicle for transfer of general fund, millage, and a portion of accommodation tax receipts to the six units of the Montana University System. Other funds necessary to support the units, including tuition and fees, are directly appropriated to the units. Please refer to Montana University System narrative for a detailed breakdown of funding.
- 10. The Guaranteed Student Loan Program improves opportunities for education by guaranteeing loans to students from private lending institutions. The budget covers administrative costs and is funded by three major sources: federal government payments of an administrative cost allowance; guarantee fees charged to borrowers; and investment carnings on cash reserves.
- 11. The Board of Regents Administration Program budget provides funding for the expenses of the seven members of the Montana Board of Regents. This program is funded entirely with general fund.
- Billings, Butte, and Great Falls for vocational-technical center buildings. The Board of Regents acquired contracts for deed for these centers in FY90 in accordance with the General Appropriations Act of 1989 (HB100). This program is funded entirely with 12. The Board of Regents Bond Payment Program budget provides funding for the Board of Regents to make semi-annual payments on bonded indebtedness to school districts in general fund

Budget Issues

RERS implementation and maintenance funding is included in the recommended Regents Employee Reporting System (RERS)

Administration Program Budget, RERS is currently being developed as a result of HB26 passed by the 1989 Legislature. The system is expected to be operational by July 1, 1991.

When fully implemented, RERS will be a uniform personnel reporting system for the

Montana University System (MUS) which will allow the legislative and executive branches to independently collect and verify budgets and expenditures relating to unit faculty and personnel. RERS information will be reconciled with information contained on the Statewide Budgeting and Accounting System (SBAS) on a monthly basis. The CHE will be the designated "owner" of the system. The cost of RERS to the CHE is budgeted at \$122,167 for FY92 and \$108,015 for FY93. The recommended CHE-RERS budget includes staffing; system administration and utilization; and equipment. The total recommended RERS budget for the CHE and MUS units is \$218,029 for FY92 and \$203,877 for FY93. The balance of the executive recommended RERS funding is budgeted at the unit level.

Table 1 Commissioner of Higher Education Regents Employee Reporting System 1993 Biennium CHE Costs FY99	igher Educatio eporting Syster CHE Costs EV92	m FV93
	1.00	0.50
Personnel and Benefits	\$27,839	\$14,787
Unit Internal Operations	1,005	1,005
ISD Unit Utilization Costs	55,823	55,823
ISD-ASB Personnel	25,480	25,480
ISD-ASB Computer Resources	10,920	10,920
Equipment	1,100	0
TOTAL*	\$122,167	\$108,015

information relating to RERS, please refer to the Montana University System narrative. Table 1 summarizes the CHE executive budget recommendation for RERS.

Student Assistance

accommodate the rising costs of the WICHE and WAMI subprograms. The budget recommends no new FY92 WICHE medical students, since the WAMI program, which is more beneficial to Montana citizens because of its local clinical service requirements, A reduced number of WICHE students for FY92 and FY93 is recommended to will continue to be available for new medical students. In FY93, as students already in

the WICHE program complete their medical education and more funds become available, the executive budget recommends reinstatement of three new WICHE medical slots.

Assistance Program budgets and WICHE subprogram budgets to the FY91 appropriated budgets. Table 2 below shows that the total program budget is maintained essentially at Tables 2 and 3 summarize and compare the recommended 1993 biennium Student the FY91 appropriated level for the biennium.

Table 2 CHE Student Assistance Program Comparison of FY91 Authorized to FY92 and FY93 Recommended	Table 2 CHE Student Assistance Program Y91 Authorized to FY92 and FY9	ce Program 92 and FY93 Re	commended
	Authorized FY91	Recommended FY92	Recommended FY93
WICHE	\$1,726,067	\$1 623 599	\$1.579.400
Minnesota Dentistry	95,200	86,800	77,400
WAMI	2,152,280	2,244,169	2,367,819
Paul Douglas Scholarship	82,728	82,728	82,728
Work Study	391,587	391,587	391,587
Student Incentive	440,000	440,000	440,000
Perkins Loan (NDSL)	55,000	55,000	55,000
SEOG	99,056	99,056	93,056
Student Assistance Program Budget	\$5,041,918	\$5,022,939	\$5,042,990

Table 3 on the following page compares the authorized students and appropriations for FY91 with those recommended for FY92 and FY93 in the eight WICHE fields and in Minnesota dentistry, plus WICHE dues.

Table 3
WICHE and Minnesota Dentistry
Comparison of FY91 Authorized to FY92 and FY93 Recommended

Recommended	FY93		\$4,700	\$4,700	\$12,534*	\$17,234		\$7,100	\$14,200	\$78,100	\$92,300		\$4,400	84,400	\$10,266*	\$14,666		\$7,900	\$7,900	\$23,700	\$31,600	_000'5L	\$1,529,400*	77,400		\$1,606,800*		
				-	7	m			7		13	1			m	*1				m	4		95	9		101		
Recommended	FY92		\$4,500	\$4,500	\$24,000*	\$28,500*		\$6,800	\$13,600	\$95,200	\$108,800		\$4,400	\$4,400	\$8,799*	\$13,199		\$7,600	80	\$22.800	\$22,800	71,300	\$1,623,599*	86,800		\$1,710,399* 101	ervice	
Re				quest	4	2			7	14	16				3	4			0	m	3	-	103	7	1	110	ical s	
Authorized	FY91		\$4,300	\$4,300	\$17,200	\$21,500		\$6,500	\$19,500	\$84,500	\$104,000		\$4,400	\$4,400	\$13,200	\$17,600		\$7,300	\$7,300	\$21,900	\$29,200	68,400	108 \$1,726,067*	95,200		116 \$1,821,267 110	credit or clir	A Table of the last of the las
					4	2	1		3	13	16	! !		-	3	4	!			3	4	-	108	∞			rshins	
		Occupational Therapy:	Support Per Student	Beginning	Continuing	Total Oc. Therapy	Optometry:	Support Per Student	Beginning	Continuing	Total Optometry	Public Health:	Support Per Student	Beginning	Continuing	Total Pub. Health	Podiatry:	Support Per Student	Beginning	Continuing	Total Podiatry	WICHE dues	Total WICHE	MN Dentistry		WICHE & MN Dentistry	* Cost adjusted for scholarships credit or clinical service	
Recommended	FY93		\$22,800	3 \$68,400	4 \$319,200	7 \$387,600		\$11,500	2 \$23,000	2 \$23,000	4 \$46,000		\$12,900	2 \$25,800	2 \$25,800	8 \$103,200	4 \$51,600	\$206,400		\$18,400	9 \$165,600	1 \$570,400	0 \$736,000					
pa			90	80	00 14	00 17		8					8	8			98	00 16		90		00 31	00 40					
Recommended	FY92		\$22,800		\$456,000	\$456,000		\$11,100	\$11,100	\$33,300	\$44,400	1 1	\$12,400	\$12,400	\$12,400	\$111,600	\$74,400	\$210,800	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	\$18,400	\$165,600	\$588,800	\$754,400					
Reco				0	0	0	1		1	3	4			-		6	9	7			6	C1						
g			8		30 20	30 20		8	8				8	8	90			67 17		8		00 32	00 41					
Authorized	FY91		\$22,800	\$114,000	\$387,600	\$501,600		\$10,700	\$21,400	\$32,100	\$53,500		\$11,900	\$23,800	\$23,800	\$111,067*	\$71,400	\$230,067	1	\$19,400	\$194,000	\$601,400	\$795,400					
A				2	17	22			7	3	S			7	7	6	9	19			10	31	41					
		Medicine:	Support Per Student	Beginning	Continuing	Total Medicine	Osteopathic:	Support Per Student	Beginning	Continuing	Total Osteopathic	Dentistry:	Support Per Student	Beginning Reg.	Beginning MN	Continuing Reg.	Continuing MN	Total Dentistry	Veterinary:	Support Per Student	Beginning	Continuing	Total Veterinary					

Community College Assistance

The recommended budget is in accordance with the funding formula addressed in 20-15-310 and 312, MCA. The total current unrestricted funding for the community colleges is calculated by multiplying a cost per student FTE (\$3,907) by the two-year average student FTE enrollment for FY89 and FY90. The executive budget recommends 47% general fund support of the total unrestricted funding including audit fees. Other sources of community college funding are tuition and fees, and the mandatory levy. Table 4 summarizes the Community College Assistance Program budget.

Budget	FY93	\$1,812,418	701,463	852,039	3,365,920	14,335	\$3,380,255
Table 4 Community College Assistance Program General Fund Portion (47%) of Total Campus Budget \$3,907 per Student	FY92	\$1,812,418	701,463	852,039	3,365,920	14,335	\$3,380,255
Table 4 ty College Assistanc Portion (47%) of Tol \$3,907 per Student	FYFTE Average Enrollment	286	382	464			1,833
Communi General Fund E	Community College	Flathead Valley	Dawson	Miles	Sub-Total	Audit Fees	Total

MUS Group Insurance

Funding is recommended to increase over the FY91 appropriated level by \$1,787,181 in FY92 and \$4,287,182 in FY93 due to increased costs associated with insurance and service contracts, and rising claims costs. A FY90 supplemental appropriation in the amount of \$115,727 was necessary to cover claims payments in excess of the budgeted

The recommended budget includes \$50,000 additional federal funding authority for both FY92 and FY93. In September, 1989, the Talent Search program was awarded an additional \$50,000 by the U.S. Department of Education to improve select junior high students' potential for entering high school. The CHE certified a FY91 budget amendment for this amount.

Vo-tech Administration

There is \$5,000 additional funding (50% federal; 50% general fund) for both FY92 and FY93 to cover a federally-mandated expanded scope audit of a Community Based Organization grant recipient.

Guaranteed Student Loan

and FY93. A FY91 budget amendment for this amount was certified due to additional personnel, operations, and equipment expenses incurred when the GSL program transferred the loan processing function from a contracted service to an in-house The recommended budget includes \$231,038 additional funding authority for both FY92 operation.

MONTANA UNIVERSITY SYSTEM OVERVIEW

General Overview

The Montana University System is composed of the following units as provided in 20-25-201, MCA:

- 1. The University of Montana, located at Missoula;
 - 2. Montana State University, located at Bozeman;
- 3. Montana College of Mineral Science and Technology, located at Butte;
- 4. Western Montana College of the University of Montana, located at Dillon;
 - Eastern Montana College, located at Billings; and
 - Northern Montana College, located at Havre.

Article X, Section 9 of the Montana Constitution vests government and control of the Montana University System in a Board of Regents of Higher Education, granting "...full power, responsibility and authority to supervise, coordinate, manage and control the Montana University System and ...supervise and coordinate other public educational institutions assigned by law." The board consists of seven members appointed by the governor and confirmed by the senate. The Governor and the superintendent of public instruction are ex-officio non-voting members of the board.

Operations and budgets of the six university system units are composed of the following programs:

Instruction Programs

Instruction Programs provide educational activities directed primarily at the production of credits which satisfy the various curricula requirements leading toward a post-secondary degree. The Instruction Programs fund faculty salaries and the services and operational costs of faculty support staff. Each unit has an Instruction Program.

Support Programs

Support programs combine three subprograms used by all six university units: Academic Support, Student Services and Institutional Support.

Academic support includes the retention, preservation of materials and the provision of services that directly assist the academic functions of the institution. This category includes libraries, museums and galleries, audio/visual services, academic administration and curriculum development.

Student services activities include counseling and career guidance; helping students obtain financial aid; student admissions and records; and supplementary educational services.

Institutional services relate to the operational support for the day-to-day functioning of the institution and include executive and fiscal management, general administrative services, logistical services, and community relations.

esearch Programs

Research programs are conducted at the University of Montana, Montana State University and Montana College of Mineral Science and Technology. Research encompasses studious inquiry and experimentation aimed at the discovery, interpretation, and practical application of facts, theories, and laws.

Public Service Programs

Public service programs provide non-instructional community services to groups outside the institution. Such activities include seminars, projects, and support of various organizations which provide community services. Eastern Montana College, Northern Montana College and the two universities have public service programs.

Plant Operations and Maintenance Programs

Plant operations and maintenance programs cover activities related to service and maintenance of existing grounds and facilities used for educational and general purposes. Utility costs and maintenance of equipment are included in the budgets; deferred maintenance costs are not included. Each of the six units has a plant program.

Scholarships and Fellowships Programs

Scholarships and ellowships programs reflect the amount of fee waivers budgeted for each of the six campuses and include only the financial assistance provided to students in the form of outright grants and trainee slipends awarded by and admin-stered through the institution. The board of regents is empowered by law to waive certain resident and a percentage of non-resident tuition.

Systemwide Budget Issues

Lump Sum Appropriation

The executive budget recommends a single lump sum appropriation of \$133,923,048 for FY92 and \$133,618,323 for FY93 to the Board of Regents for allocation to the six units of the Montana University System. This method of funding will allow the regents the flexibility to transfer and expend monies according to regent-identified unit missions and system priorities. The four agencies administratively attached to the six units (Bureau of Mines, Agricultural Experiment Station, Forest and Conservation Experiment Station and the Cooperative Extension Service) will continue to be budgeted separately.

In conjunction with the lump sum appropriation, the executive budget recommends that the regents continue submitting authorized and actual unit operating plans and FTE levels by program to the Office of Budget and Program Planning and the Office of the Legislative Fiscal Analyst. Those programs historically appropriated by formula (Instruction and Support) are to be presented in sufficient detail to allow comparison of individual formula components to the FY91 appropriated unit budgets. This information will enable review and analysis of the final distribution decisions made by the Board of Regents.

The executive budget further recommends inclusion of language in the general appropriations act requiring the regents to prepare and submit a comprehensive written

report to the executive and legislative branches of government explaining and documenting budget allocations to the units by first level of detail for each program by September 1 following the end of each fiscal year. This report must explain significant deviations and rationale for deviation from the regents' proposed operating plan, formula components and FTE levels as well as any significant policy changes impacting the budget, including decisions to limit enrollment at any of the units.

appropriated budget. Presentation of the executive budget in this format is not intended to preclude the regents from allocating the recommended lump sum appropriation in a In order to provide a basis for the recommended total lump sum allocation to the six units, the executive budget has been developed in a manner consistent with the 1991 biennium different manner. The 1993 biennium executive budget recommendation for the six units was derived by using a combination of incremental and formula budgeting methods. The formula method was used in the two programs directly influenced by student enrollment, Instruction and Support. The Scholarships and Fellowships Program budgets were based on FY91 formula driven appropriations. Incremental budgeting was used for the following programs: Operation and Maintenance of Physical Plant, Organized Research, and Public Service. University system incremental programs were budgeted in a manner consistent with executive branch agency budgets. Inflation factors were applied to selected budget items including utilities, state mainframe computer cost, postage, and other items.

The executive budget recommends a \$4,000,000 appropriation to the Montana University Regent Priority Funding

System for each year of the 1993 biennium for regent identified priorities. At the discretion of the Board of Regents, these funds may be allocated to individual unit programs or utilized to implement systemwide objectives.

Instruction Program

The executive Instruction Program budget is based on the budgeting formula adopted by the Fifty-first Legislature. The main components of the formula are 1) average two (FY89) and FY90) fiscal year full-time equivalent (FYFTE) student enrollment, 2) executive recommended average instructional faculty salary, 3) benefit rates, 4) ratio of students to etc., which are essential to classroom instruction. The formula components are unique to each campus. Additional funding authority is included in the Instruction Programs for faculty, and 5) executive recommended instructional support rate. The instructional support MSU and UM for special fee revenue (tuition surcharges) generated in specific high cost rate considers non-faculty salaries and benefits, supplies, materials, instructional equipment, academic programs. (For more information, please refer to tuition and fees section.) Table 1 shows the formula components, two year average FYFTE enrollment and the recommended Instruction Program budgets for each campus.

	MUS TOTAL	25,063	\$69,156,286	\$69,639,986
	WMCUM	\$2.5 915 \$2.5 915 \$2.46 \$2.2604 \$379	\$2,423,539	\$2,423,539
	NMC	1,565 150.97 528,620 0,22622 \$350	\$4,091,144	\$4,091,144
ula Factors	EMC	\$22.00 \$22.00 \$22.00 \$22.00 \$333	\$7,438,859	438,859
Table 1 Program Form	TECH	\$ 52. \$ 51. \$ 51.	\$4,749,848	54,749,848
Table 1 Instruction Program Formula Factors FY92 and FY93	MSD	97,457 37,463 536,463 0,21352 \$51352	\$27,700,061	\$27,785,061
	푕	9, 4, 18, 2, 8, 2, 8, 2, 8, 2, 8, 2, 8, 2, 8, 2, 8, 2, 3, 4, 3, 3, 4, 3, 4, 3, 4, 4, 3, 4, 4, 4, 4, 4, 4, 4, 4, 4, 4, 4, 4, 4,	\$22,752,834	\$23,151,534 \$27,785,061 \$4,749,848 \$7,438,859 \$4,091,144 \$2,423,539
		Average FYFTE Enrollment Student Faculty Ratio Budgeted Faculty Average Faculty Salary Benedit Rate Instructional Support Rate	Formula Instruction Budget Tultion Surcharge	Total Instruction Budget for each fiscal year

Support Program

The recommended budget provides funding for a portion of biennial audit costs for each unit. These costs are added to the Support Program budget after calculation of the formula. Fifty percent of audit costs for MSU and UM are supported with current unrestricted funds. Current unrestricted funds support 75% of the audit costs of EMC, NMC, TECH and WMCUM. These percentages are consistent with the percentages used in the 1991 biennium. Table 2 shows the current unrestricted fund portion of the audit costs for each unit.

	FY93	27,622 24,860 26,044 21,308 21,901
orted	E.	\$27,622 27,622 24,860 26,044 21,308 21,901
Table 2 lit Costs Suppo urrent Unrestri Funds 1993 Biennium	FY92	\$27,622 27,622 24,860 26,044 21,309 21,901
Table 2 Audit Costs Supported by Current Unrestricted Funds 1993 Biennium		σ,
	Unit	UM MSU TECH EMC NMC WMCUM

removes funding in FY93 related to a The Support Program budget is based on the budgeting formula adopted by the Fifty-first Legislature. The Support Program budgets were developed by full-time The support rate is unique to each campus. The rate provides for inflation of library books of 5.3% in FY92 and 10.57% in FY93, and includes an three units, EMC, MSU and UM, the one-time, ten-year phone system lease financing agreement which terminates at the end of FY92. All adjustments the two year average adjustment for increases or decreases are consistent with executive direction Department enrollment by recommended student support Administration insurance rates. FY89 and FY90) actual recommended Ξ to other agencies. from FY91 multiplying equivalent executive

Table 3 on the following page shows the adjustments incorporated in the executive developed support rate for each year of the biennium.

Table 4 at right above shows the support rates for each year of the 1993 biennium compared to the support rates adopted by the last legislature. The executive support rates include the adjustments itemized in Table 3. For MSU, UM and EMC the decrease in the developed support rate from FY92 to FY93 is primarily attributable to the removal of funding related to the phone system lease financing agreement.

Funding for the University of Montana MBA program at Billings is included in the UM support rate.

Research

Research programs are budgeted incrementally. The executive budget continues funding at the FY91 appropriated level.

FY93	\$1,452	\$1,441	\$1,811	\$1,499	\$1,516	\$1,633
FY92	\$1,461	\$1,457	\$1,811	\$1,513	\$1,509	\$1,630
FY91	\$1,424	\$1,436	\$1,788	\$1,486	\$1,473	\$1,602
FY90	\$1,424	\$1,436	\$1,788	\$1,486	\$1,473	\$1,602
UNIT	UM	MSU	TECH	EMC	NMC	WMCUM \$1,602 \$1,602 \$1,630 \$1,633
	FY90 FY91 FY92	FY90 FY91 FY92 S1,424 S1,461	51,424 \$1,424 \$1,461 \$1,436 \$1,436 \$1,457	\$1,424 \$1,424 \$1,461 \$1,436 \$1,436 \$1,457 \$1,788 \$1,788 \$1,811	\$1,424 \$1,424 \$1,461 \$1,436 \$1,436 \$1,457 \$1,788 \$1,788 \$1,811 \$1,486 \$1,486 \$1,513	\$1,424 \$1,424 \$1,461 \$1,436 \$1,436 \$1,457 \$1,788 \$1,788 \$1,811 \$1,486 \$1,486 \$1,513 \$1,473 \$1,473 \$1,509

As part of its research activities, the University of Montana conducts travel research for the state which is funded by a statutory appropriation of 2.45% of the Montana accommodations tax. Accommodation tax revenues to the UM Research program are estimated at \$146,119 and \$153,419 for FY92 and FY93 respectively.

Public Service

The four public service programs are budgeted incrementally. The executive budget continues funding at the FY91 appropriated level.

Plant Operations and Maintenance

The six plant programs are incrementally budgeted. For information regarding the differences between the recommended plant budget and the base budget, please refer to the unit narrative.

Scholarships and Fellowships

The executive budget funds this program at the same level as the FY91 appropriated level of funding.

Regents Employee Reporting System (RERS)

The Regents Employee Reporting System is currently under development as a result of HB26 passed by the 1989 Legislature. Implementation is anticipated July 1, 1991.

The purpose of RERS is to establish a uniform personnel reporting system for the university system which will allow the legislative and executive branches to independently collect and verify budgets and expenditures relating to unit faculty and personnel. RERS information will be reconciled with information contained on SBAS on a monthly basis.

The executive budget recommends funding of \$95,862 in both FY92 and FY93 for implementing RERS at each of the six units. (Additional RERS funding is recommended for the CHE.) The assumptions are as follows:

	ď	Table 3 Support Program Adjustments Included in Support Rate	Table 3 Support Program ats Included in Supp	oort Rate			
FY92	M	MSU	TECH	EMC	NMC	WMCUM	TOTAL
Library Inflation Phone Lease Agreement Insurance Costs	\$41,277 0 64,199	\$60,897	\$1,855 0 (8,702)	\$6,220 u 14,370	\$1,590 0 21,436	\$874	\$112,713 0 76,597
Total Adjustments FY93	\$105,476	\$44,539	(\$6,847)	\$20,590	\$23,026	\$2,526	\$189,310
Library Inflation Phone Lease Agreement Insurance Costs	\$82,321 (137,808) 87,319	\$121,449 (227,912) (316)	\$3,699	\$12,405 (62,045) 23,347	83,171 0 29,574	\$1,744 0 3,634	\$224,789 (427,765) 137,591
Total Adjustments	\$31,832	\$31,832 (\$106,779)	(\$2,268)	(\$2,268) (\$26,293)	\$32,745	\$5,378	(\$65,385)

1) Personnel and Benefits - The FTE required was estimated based on an analysis of the transactions required at each unit. The recommendation is based on that requirement

for a grade 14, step 2 FTE with 15% benefits, plus insurance.
2) Operating Expenses - Unit operating expenses include supplies, communications, travel and maintenance costs associated with submission of information by batch mode for UM, EMC, and MSU. (WMC, TECH, and NMC will use on-line processing which will not

3) Utilization Costs - These are the transactional costs associated with making inquiries, require maintenance in FY92 or FY93.)

processing information and receiving reports. The utilization budget for all units and the CHE will be housed in the Office of the Commissioner of Higher Education, the ISD Personnel and Computer Resources - These costs, projected by the Information designated "owner" of RERS.

Services Division (ISD) of the Department of Administration, include technical support of the system provided by the ISD Application Services Bureau.

5) Equipment - The budget assumes the units will have hardware and equipment in place

prior to July 1, 1991.

Table 5 shown on the next page summarizes the executive budget recommendation for the implementation of RERS in the six units of the MUS and the Office of the CHE during the FY93 biennium. The projections are based on initial budget projections provided by the Department of Administration, (ISD) and modified by the budget office.

MCA. Revenues received by the units but accounted for in other university system funds and subfunds (described in 17-2-102, MCA) are not considered in The executive budget includes recommendations for appropriations of general fund; federal revenue; and unrestricted subfund described in 17-2-102(d)(i)(A), the executive budget as they are not traditionally tuition, fees and revenues accounted for in the current appropriated by the legislature.

prescribed by the Board of Regents as provided in 20-25-421, MCA. The regents are also empowered Tuition and Fee Revenue-Tuition and fees are to waive certain resident and a specified percentage of non-resident tuition.

by the legislature does not include designated Tuition and fee revenue presented in the executive budget recommendation and historically appropriated program and course fees available to the six units but requirements; fees related to field courses; fees for not accounted for in the current unrestricted fund. These fees include fees for field trips and special special classes; fees for extension classes and other fees accounted for in the Current Designated Fund. revenues are based upon FY90 actual revenue per student multiplied by the same two year average FYFTE student enrollment used in the formula driven instruction and support programs.

In the executive budget, anticipated tuition and fee

tuition after calculation of regular tuition and revenue. The treatment of these surcharges is consistent with the authorized FY90-91 budget. MSU tuition and fee revenue is increased by \$85,000 per year for the architecture Tuition surcharge. Correspondingly, the same amount was added to the MSU Instruction Program. The UM tuition and fee revenue is increased by \$398,700 per year and the Instruction Program is increased by a Special tuition surcharges for high cost programs were added to UM and MSU projected ike amount for the tuition surcharges for pharmacy, law, and physical therapy. same amount was added to the MSU Instruction Program.

and personal property for the support, maintenance, and improvement of the Montana University System pursuant to 15-10-106, MCA. Millage is budgeted at \$11,540,589 and \$11,760,977 for FY92 and FY93 respectively. Millage-The state is authorized to collect up to six mills on the taxable value of all real

Other Revenue-This category includes miscellaneous revenues available to the units for general operating expenses which are appropriated for current unrestricted fund support. Until June 30, 1990, 50% of indirect cost reimbursements to the units had been appropriated by the legislature. The Fifty-first legislature phased out the deposit of these indirect cost reimbursements to the current unrestricted fund by FY91. For FY90, these

	æ	Table 5 Regents Employee Reporting System Budgeted Costs FY92 AND FY93	Table 5 yee Reporting System FY92 AND FY93	System Bi 5 FY93	udgeted Cost	S	01		CN V GO
FY92	OM	MSU	BMC	WMC	ТЕСН	NMC	TOTAL	CHE	TOTAL
FTE	0.72	0.83	0.36	0.30	0.30	0.31	2.82	1.00	3.82
Personal Services Unit Internal Operations ISD Unit Utilization Costs ISD-ASB Personnel ISD-ASB Computer Resources Equipment	5,335	5,335	5,335	\$7,730	\$7,858	57,915	\$76,452 19,410	\$27,839 1,005 55,823 25,480 10,920 1,100	\$104,291 20,415 55,823 25,480 10,920 1,100
TOTAL	\$25,766	\$28,580	\$14,608	\$8,865	\$8,993	050'6\$	\$95,862	\$122,167	\$218,029
FY93	0.72	0.83	0.36	0.30	0.30	0.31	2.82	0.50	3.32
Personnel and Benefits Unit Internal Operations ISD Unit Utilization Costs ISD-ASB Personnel ISD-ASB Computer Resources	5,335	\$23,245	5,335	57,730	\$7,858 1,135	\$7,915 1,135	\$76,452	14,787 1,005 55,823 25,480 10,920	\$91,239 20,415 55,823 25,480 10,920
TOTAL	\$25,766	\$28,580	\$14,608	\$8,865	\$8,993	\$9,050	\$95,862	\$108,015	\$203,877

revenues amounted to approximately \$1,218,000 systemwide. Indirect cost recovery has not been considered in the executive budget. However, the campuses will continue to receive the benefit of indirect cost recovery.

Table 6 on the following page shows revenue for each unit by funding source. The column entitled "Recommended Modified Level Appropriation" includes \$95,862 for RERS and \$4,000,000 Regent Priority Funding for each year of the biennium.

The executive budget recommendation for the 1993 biennium increases general fund support by approximately \$18.5 million over the last biennium. The general fund increase coupled with a 3.2% decline in projected millage represents a \$17.7 million (9.6%) net

increase in state support for the Montana University System over the 1991 biennium budget. Biennial state support per student is recommended to increase by \$572. Table 7 compares 1991 and 1993 biennial aggregate state support for the six units of the Montana University System.

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Recommended Total Appropriation \$89,640,773 11,540,589 31,984,274 611,293	\$133,923,048 \$89,108,360 11,760,977 31,984,274 611,293 153,419	\$133,618,323
Recommended Modified Level Appropriation \$4,095,862	\$4,095,862	\$4,095,862
Recommended Current Level Appropriation \$85,544,911 11,540,589 31,984,274 611,293 146,119	\$129,827,186 \$85,012,498 11,760,977 31,984,274 611,293 153,419	\$129,522,461
WMCUM \$3,350,631 397,826 1,037,337 24,500	\$4,810,294 \$3,344,632 405,423 1,037,337 24,500	\$4,811,893
NMC \$5,557,702 717,176 1,727,639 21,531	\$8,024,048 \$5,551,097 730,872 1,727,639 21,531	\$8,031,139
S9,870,129 1,521,447 3,855,748 58,005	\$15,305,329 \$9,809,556 1,550,502 3,855,748 58,005	\$15,273,811
TECH \$6,776,050 679,979 1,910,248 88,467	\$9,454,744 \$6,761,758 692,964 1,910,248 88,467	\$9,453,438
MSU \$32,906,850 4,328,912 11,912,107 309,500	\$49,457,368 \$32,629,558 4,411,580 11,912,107 309,500	\$49,262,745
UM \$27,083,551 3,895,249 11,541,194 109,290 146,119	\$42,775,403 \$26,915,896 3,969,636 11,541,194 109,290 153,419	\$42,689,435
FY92 General Fund Millage Tuition and Fees Other Revenue Accomodations Tax	Total Revenue FY93: General Fund Millage Tuition and Fees Other Revenue Accommodations Tax	Total Revenue

Table 6
Montana University System
Revenue Summary by Unit
FY92 and FY93

	Table 7 Montana University System Comparison of State Support 1991 and 1993 Biennia	7 sity System tate Support 3 Biennia		
	FY90-91* Appropriated	FY92-93 Recommended	Increase	%Increase
FYFTE Funded Enrollment	24,617	25,063	446	1.81%
Funding per Budgeted FYFTE: General Fund	\$6,512	. \$7,132	\$620	9.52%
Millage	826	930	(48)	-4.92%
State Support per Student	\$7,490	\$8,062	\$572	7.64%
General Fund	\$160,301,005	\$178,749,133	\$18,448,128	11.51%
Millage	24,072,000	23,301,566	(770,434)	-3.20%
Total State Support	\$184,373,005	\$202,050,699	\$17,677,694	959%

UNIVERSITY OF MONTANA

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	- Fiscal 1992 Incr/Decr	iscal 1992	Base	Fiscal 1993 Incr/Decr	iscal 1993
Full Time Equivalent Employees	755.74	759.46	815.62	.72	816.34	815.62	.72	816.34
Personal Services Operating Expenses Equipment Transfers Debt Service Total Agency Costs	30,205,886,73 8,247,083,57 1,084,806,67 71,591,59 5,368,44 \$39,614,737,00	27,375,513 12,834,822 294,549 0 0 0 0 840,504,884	32,504,160 9,189,311 1,246,569 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	23,424 12,794 -175,089 0 0 0 8-138,871	32,527,584 9,202,105 1,071,480 0 0 \$42,801,169	32,504,160 9,056,794 1,287,613 0 0 0 0 0	23,424 18,299 -175,089 0 0 0 \$-133,366	32,527,584 9,075,093 1,112,524 0 0 842,715,201
Current Unrestricted Fund Total Funding Costs	39,614,737.00 \$39,614,737.00	40,504,884 \$40,504,884	42,940,040 \$42,940,040	-138,871 \$-138,871	42,801,169 \$42,801,169	42,848,567 \$42,848,567	-133,366 \$-133,366	42,715,201 \$42,715,201
Instruction Organized Research Public Service Operation & Maint Of Plant Scholarships & Fellowships Support Total Program Costs	20,246,017.91 662,546.80 210,594.01 5,461,521.05 1,164,087.05 11,869,970.18 \$39,614,737.00	21,802,437 560,086 192,690 5,599,300 1,077,497 11,272,874 \$40,504,884	23,151,534 703,360 193,009 5,687,016 1,077,497 12,127,624 \$42,940,040	3,937 0 -168,574 0 25,766 \$-138,871	23,151,534 707,297 193,009 5,518,442 1,077,497 12,153,390 \$42,801,169	23,151,534 710,814 193,050 5,662,586 1,077,497 12,053,086 \$42,848,567	0 4,391 0 -163,523 25,766 \$-133,366	23,151,534 715,205 193,050 5,499,063 1,077,497 12,078,852 \$42,715,201

Agency Description

The University of Montana (UM) at Missoula was chartered by the Montana Legislature in 1893. The core of the university is its College of Arts and Sciences. Complementing the programs offered through the programs offered through the programs offered through the programs of the university is its College of Arts and Sciences. Complementing the programs of the university is its College of Arts and Sciences. Complementing the programs of the university is its College of Arts and Sciences. Complementing the programs of the university is its College of Arts and Sciences. Complementing the programs of the university is its College of Arts and Sciences. Complementing the programs of the university is its College of Arts and Sciences. Complementing the programs of the university is its College of Arts and Sciences. Complementing the programs of the university is its College of Arts and Sciences are the graduate school and seven professional schools:

June 1993. The core of the university is its College of Arts and Sciences are the graduate school and seven professional schools:

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UM awards associate, bachelor's, master's, specialist and doctoral degrees, as well as certificates of completion in its more than fifty undergraduate and more than forty graduate and first-professional disciplines. In addition, UM maintains access for nondegree students through its Night School and through a variety of developmental programs.

The university is assigned exclusive responsibility within the Montana University System for instructional programs in Journalism, Law, Forestry, Pharmacy, Physical Therapy, and Social Work. UM currently offers the only graduate degree programs in Accounting, Business Administration and Administrative Sciences. UM is also assigned lead responsibility for graduate instruction in the arts, humanities, and social and behavioral sciences. UM shares lead responsibility in the physical and biological sciences and the

allied health professions. The university offers off-campus master's degree programs in Great Falls (M.A.S.), Helena (M.P.A.), and Billings (M.B.A.), and Dillon (M.Ed).

In addition to the resources within the schools and departments, the university maintains a number of specialized laboratories, institutes and research facilities: Yellow Bay Biological Station; Maureen and Mike Mansfield Center for Public Affairs, Wood Chemistry Laboratory; Bureau of Business and Economic Research; Division of E-cational Research and Services; Stella Duncan Memorial Institute, Montana Water Re. Sources Research Center (in cooperation with Montana State University); Gcology Field and Research Station at Dillon; Montana University Affiliated Program/Institute for Human Resources in Rural America including Rural Rehabilitation Training Center, Montana Defender Project, Center of Excellence in Biotechnology, Montana Entrepreneurship Center, Center for Population Research, Wildeness Institute, Press and Broadcasting Research, Clinical Psychology Center, Center for Continuing Education and Summer Programs, Cooperative Wildlife Research Unit, Montana Public Policy Research Institute, Institute for Tourism and Recreation, and Speech, Hearing and Language Clinic.

On July 1, 1988, the Montana Board of Regents administratively merged Western Montana College with the University of Montana. Western Montana College has since become known as Western Montana College of the University of Montana (WMCUM) and continues to function as a separately accredited, individually-budgeted branch campus of the university.

The Montana Forest and Conservation Experiment Station, which is statutorily established in the university, is also budgeted separately.

Budget Issues

Support Program-RERS

Implementation funding for the Regents Employee Reporting System has been included in the executive budget request for the support program. The difference between the recommended support program budget and the base budget for each fiscal year is due to recommended funding for RERS. Detailed information on RERS has been provided in the Montana University System narrative.

Fravel research

Travel research is conducted by UM and funded by a statutory appropriation of 2.5% of 98% of the accommodations tax. During FY90, receipts for travel research totaled \$132,636. Anticipated receipts for FY92 and FY93 of \$146,119 and \$153,419 are included in the executive budget.

Plant Operations and Maintenance

The recommended plant budgets for FY92 and FY93 represent a decrease from the base. The differences between the base and the executive recommendations are attributable to adjustments in utilities, operations and equipment recommendations. The recommended FY92 and FY93 plant budgets allow a reasonable increase over actual FY90 expenditures. The base and the recommended budget include the budget modification approved by the Fifty-first Legislature for new office space in Brantly/Corbin Hall.

The executive recommended plant budget adopts the FTE level and personal services budget and pay plan appropriated by the Fifty-first Legislature. The executive budget does not include an increase in personal services even though actual FY90 plant personal services expenditures exceed the executive recommendation. In FY90, UM transferred 40 FTE from designated fund accounts to the current unrestricted fund (plant program) and began paying personal services expenses direc -/ from the current unrestricted and began paying personal services expenses to the current unrestricted operating budgets. The executive budget recommends continuing to pay these "recharged" personal services capenditures to the current unrestricted operating budgets. The executive budget recommends continuing to pay these "recharges" through the plant operating budget rather than adding the additional FTE to the plant program and paying personal services directly from the plant program budget.

Tuition surcharge

Tuition surcharge funding authority of \$398,700 is included in the recommended UM Instruction Program budget for special fee revenue generated in the Law School (\$262,200), Pharmacy School (\$102,000), and Physical Therapy School (\$34,500). Please refer to the Montana University System Instruction Program narrative for additional details.

	Fiscal 1990	Fiscal 1991	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Fiscal 1992	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0		· Fiscal 1993	9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9
Recommended	Actual	Appropriated	Base	Incr/Decr	Incr/Decr Recommended	Base	Incr/Decr	
Full Time Equivalent Employees	921.17	927.49	947.98	.83	948.81	947.98	.83	948.81
Personal Services	35,019,257.57	33,529,201	36.588.272	54,401	36.642.673	36.588.272	54.401	36.642.673
Operating Expenses	10,464,562.72	14,710,203	10,965,839	21,243	10,987,082	10,710,664	21,243	10,731,907
Equipment	1,771,045.15	727,411	1,914,407	-58,214	1,856,193	1,974,959	-58,214	1,916,745
Capital Outlay Debt Service	741.50	524,561	00	0 0	0 0	00	00	00
Total Agency Costs	\$47,299,258.81	\$49,491,376	\$49,468,518	\$17,430	\$49,485,948	\$49,273,895	\$17,430	\$49,291,325
Current Unrestricted Fund	47,299,258.81	49,491,376	49,468,518	17,430	49,485,948	49,273,895	17,430	49,291,325
Total Funding Costs	\$47,299,258.81	\$49,491,376	\$49,468,518	\$17,430	\$16,485,948	\$49,273,895	\$17,430	\$49,291,325
Instruction	25,517,141.36	27,663,444	27,796,210	-11,150	27,785,060	27,796,210	-11,150	27,785,060
Organized Research	602,546.60	614,372	621,760	0	621,760	621,781	0	621,781
Public Service	10,748.62	10,752	10,752	0	10,752	10,752	0	10,752
Operation & Maint Of Plant	6,044,460.31	6,028,583	6,044,660	0	6,044,660	6,001,328	0	6,001,328
Scholarships & Fellowships	1,322,787.00	1,188,665	1,188,665	0	1,188,665	1,188,665	0	1,188,665
Support	13,801,574.92	13,985,560	13,806,471	28,580	13,835,051	13,655,159	28,580	13,683,739
Total Program Costs	\$47,299,258.81	\$49,491,376	\$15,468,518	\$17,430	\$19,185,918	\$49,273,895	\$17,430	\$49,291,325

Montana State University (MSU) was founded in 1893 under the provisions of the Morrill Act as the land-grant university for the state. It was originally known as the Agricultural College of the State of Montana. Consistent with its land grant mission, MSU takes an active role in enhancing the educational and professional opportunities for all protected classes and is particularly dedicated to developing progressive options for the Montana Native American population.

The university is a comprehensive institution, offering 46 degrees at the baccalaureate level, 39 at the master's level and 15 doctoral degrees. The academic program emphasizes the professions of agriculture, architecture, business, engineering, education, and nursing, in addition to the arts, humanities, biological, physical and social sciences. Degree programs are offered in the biological, physical, and social sciences; and courses from these disciplines contribute significantly to the professional curricula. The university has a major role in the integration and development of education and research in the health professions. The programs in agriculture, architecture, and medicine are unique in the university system. MSU is the exclusive institution in the area of film, sharing responsibility in television; and is the lead institution for the state in the fields of nursing,

non-mining engineering, adult/community and higher education and technology education.

Among many specialized programs, MSU houses the Area Health Education Center and the WAMI Medical Program; the Kellogg Center for Adult Learning Research; the Center for International Education; the Science and Math Resource Center; the Rural Technical Assistance Program; the Center for Native American Studies; and the Local Government Center and various other globally-oriented programs.

Montana State University has been designated by the Montana Science and Technology Alliance as the site for the Center of Excellence in Synthesis and Characterization of Advanced Materials. MSU is a partner with other Montana University System units in the Center of Excellence in Biotechnology, the Center for Hazardous Material Research, and the Montana Entrepreneurship Center.

In 1990 the National Science Foundation designated a National Engineering Center of Excellence at Montana State University. The Engineering Research Center for Interfacial Microbial Process Engineering was awarded a \$7.5 million, five-year grant. This grant is one of the largest in the history of the Montana University System.

The center studies processes involving microorganisms and physical surfaces that address industrial and environmental problems.

Molecular Biology. Major research areas include agriculture, engineering and the biomedical and physical sciences with large programs in surface physics and material Engineering Experiment Station; Computing Center; Museum of the Rockies; Foothills Nature Area; Statistical Center; the Center for Synthesis and Characterization of Advanced The research programs and other specialized facilities of the university include the Materials, Montana University Joint Water Resources Research Center; and the Bureau of Educational Research and Field Services. MSU also has a developing program in

The Cooperative Extension Service and the Agricultural Experiment Station are administered by Montana State University. These programs are budgeted separately.

Budget Issues

Support Program - RERS

Funding for implementation of the Regents Employee Reporting System (RERS) has been included in the executive budget request for the support program. The difference between the recommended support program budget and the base for each fiscal year is due to recommended funding for RERS. Detailed information of RERS has been provided in the Montana University System narrative.

Plant Operations and Maintenance Program

The base and the recommended budget include the budget modification approved by the Fifty - first Legislature for new office space in Culbertson Hall.

Tuition Surcharge

Instruction Program budget for special fee revenue generated in the architecture and interior design programs. The \$85,000 represents an \$11,150 decrease from the \$96,150 tuition surcharge revenues appropriated in FY91. Continuation of funding authority of \$85,000 is included in the recommended MSU

National Engineering Center
The center is recommended to receive \$1,000,000 in state support over five years to supplement the \$7,500,000 National Science Foundation grant awarded to MSU for the submitted by the Commerce Department for Montana Science and Technology Alliance Research and Development investment funding. The \$400,000 is not, therefore, reflected in this executive budget recommendation which includes only current unrestricted funds. establishment of the new engineering research center. An executive request for \$400,000 for the 1993 biennium (and \$200,000 for FY91) will be included in a separate bill

iscal 1993	184.04	6,826,268 2,415,944 220,219 0	9,462,431	4,749,848 52,873 1,582,449 285,255 2,792,006 \$9,462,431
Fiscal 1993 Incr/Decr R	.30	10,514 2,991 -4,486 0 \$9,019	610'6\$	0 26 0 8,993 \$9,019
Base	183.74	6.815.754 2,412,953 224,705 0 89,453,412	9,453,412	4,749,848 52,873 1,582,423 285,255 2,783,013 \$9,453,412
iscal 1992Incr/Decr Recommended	184.04	6,826,268 2,419,157 218,312 0 89,463,737	9,463,737	4,749,848 52,732 1,588,465 285,255 2,787,437 \$9,463,737
Fiscal 1992 Incr/Decr Rec	.30	10,514 3,089 -4,548 0 \$9,055	\$9,055	0 0 62 0 8,993 89,993
Base	183.74	6,815,754 2,416,068 222,860 0 89,454,682	9,454,682	4,749,848 52,732 1,588,403 285,255 2,778,444 \$9,454,682
Fiscal 1991 Appropriated	185.65	6,607,941 3,094,663 45,743 0 \$9,748,347	9,748,347	4,916,582 53,094 1,596,568 285,255 2,896,848 \$9,748,347
Fiscal 1990 Actual	181.76	6,514,639,50 2,159,706,24 252,124,16 53,146,80 \$8,979,616,70	8,979,616.70 \$8,979,616.70	4,471,281.12 42,579.98 1,530,594.10 270,428.25 2,664,733.25 \$8,979,616.70
	Full Time Equivalent Employees	Personal Services Operating Expenses Equipment Debt Service Total Agency Costs	Current Unrestricted Fund Total Funding Costs	Instruction Organized Research Operation & Maint Of Plant Scholarships & Fellowships Support Total Program Costs

Montana College of Mineral Science and Technology (MCMST or Montana Tech) was established in 1893 as the Montana School of Mines. Consistent with the increasing sophistication and technical complexity of the mining and materials-processing industries, the original mining curriculum has evolved into separate, specialized curricula designed to prepare students for service in the complex categories of raw materials production, natural resource utilization, and materials science. Montana Tech offers degrees at the associate, bachelor's and master's degree levels.

Montana Tech is the only institution of higher learning in North America to offer a fully comprehensive array of degree programs in the areas of minerals, energy, safety, and environment. The college offers bachelor's degrees in engineering science as well as degrees in environmental, geological, geophysical, metallurgical, mining and petroleum engineering. Other bachelor's degrees include mathematics, computer science, chemistry, occupational safety, technology and health and society. Masters degrees in related minerals engineering fields are also available. New programs in key areas of the materials sciences, treatment of hazardous substances, applications of computer engineering, and sociences, treatment of Technical Center toward development of two-year technology divide the Butte Vocational Technical Center toward development of two-year technology geochemistry has been established with the University of Montana and Montana State University.

In addition to fundamental research in a wide variety of disciplines, MCMST faculty and bureau professional staff conduct an applied research program focused on problem solving in the minerals, energy, and materials-processing industries. The U.S. Bureau of Mines supports the Montana Mining and Minerals Research Institute on campus while the state has designated the college as the Montana Center for Minerals and Energy Research. The college has been designated as the Center of Excellence in Hazardous Substances and Materials Processing by the Montana Science and Technology Alliance.

The Bureau of Mines, which is statutorily established at Montana Tech, is budgeted separately.

Budget Issues

Support Program - RERS

Implementation funding for the Regents Employee Reporting System (RERS) has been included in the executive budget request for the support program. The difference between the recommended support program budget and the base for each fiscal year is due to recommended funding for RERS. Detailed information on RERS has been provided in the Montana University System narrative.

Eastern Montana College was established in 1927 as Eastern Montana State Normal School with initial authorization to prepare teachers for the elementary schools. The location of the college in Billings was in response to citizens' expressed needs for a college in the eastern part of the state. Eastern Montana College has since grown into a comprehensive college with programs in liberal arts, teacher training, business, and human services as well as continuing education. The college is composed of three academic schools: Arts and Sciences; Business and Economics; and Education.

Eastern emphasizes curricular development in the areas of graduate and undergraduate teacher education, offers a range of undergraduate degree programs in the liberal arts, and provides strong undergraduate programs in business and economics. Graduate programs through the master's level are offered in the teacher training, special education, and related areas. The programs in special education and rehabilitation are unique. Eastern offers the only undergraduate degree in Human Services in the Montana University

The college has two primary public service entities: KEMC Public Radio; and the Montana Center for Handicapped Children, a comprehensive education, rehabilitation, and medical/diagnostic center which serves the severely and multi-handicapped children and youth of Montana.

Budget Issues

Support Program-RERS
Implementation funding for the Regents Employee Reporting System has been included in the executive budget request for the support program. The difference between the recommended support program and the base for each fiscal year is due to recommended funding for RERS. Detailed information on RERS has been provided in the Montana

Plant Operations and Maintenance Program

University System narrative.

The base and the recommended budget include increases for Montana Dakota utility inflation and the budget modification approved by the Fifty-first Legislature for the maintenance of new office space.

The difference between the FY92 and FY93 base and the executive recommended budgets is primarily the result of aligning the recommended equipment budget with actual expenditures. The base includes approximately \$83,000 for equipment; however, actual FY90 equipment expenditures totaled only \$6,000. The executive budget recommends maintaining the equipment budget at the FY90 actual expenditure level.

NORTHERN MONTANA COLLEGE

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Fiscal 1992Incr/Decr Recommended	Base	Fiscal 1993 - Incr/Decr	iscal 1993Incr/Decr Recommended
Full Time Equivalent Employees	184.37	184.03	179.77	.31	180.08	179.77	.31	180.08
Personal Services Operating Expenses Equipment Total Agency Costs Current Unrestricted Fund Total Funding Costs	5,908,310.76 2,349,649.33 128,435.91 \$8,386,396.00 8,386,396.00	5,768,099 2,416,158 44,031 \$8,228,288 \$8,228,288	5,755,838 2,069,832 164,378 \$7,990,048 \$7,990,048	7,915 35,135 0 \$43,050 \$43,050	5,763,753 2,104,967 164,378 \$8,033,098 8,033,098 \$8,033,098	5,755,838 2,075,731 165,959 \$7,997,528 7,997,528	7,915 34,746 0 842,661 42,661 842,661	5,763,753 2,110,477 165,959 \$8,040,189 \$8,040,189
Instruction Public Service Operation & Maint Of Plant Scholarships & Fellowships Support Total Program Costs	4,245,614.09 1,204,910.10 297,398.80 2,638,457.20 \$8,386,396.00	4,258,476 8,891 1,198,556 314,000 2,448,365 \$8,228,288	4,091,144 8,891 1,193,119 314,000 2,382,894 \$7,990,048	34,000 9,050 \$43,050	4,091,144 8,891 1,227,119 314,000 2,391,944 \$8,033,098	4,091,144 8,891 1,189,644 314,000 2,393,849 \$7,997,528	33,611 0 0 0 0 9,050 \$42,661	4,091,144 8,891 1,223,255 314,000 2,402,899 \$8,040,189

Agency Description

Northern Montana College (NMC) was authorized by the legislature in 1913 and opened in 1929 in Havre, primarily serving residents of north central Montana. Northern Montana College is a multi-purpose institution offering pre-professional and professional courses of study in liberal arts and sciences, teacher education, and vocational technical studies. Northern offers master's degrees in primary and secondary education; guidance and counseling; and industrial arts. Bachelor's degrees are offered in elementary, secondary, and vocational-technical education, and nursing. An associate degree in nursing also is offered. Northern Montana College has primary responsibility in the university system for vocational teacher training and offers the Bachelor of Technology degree for students who wish to combine a liberal arts background with vocational training. Northern has the sole responsibility for meeting the certification needs of the state through an itinerant vocational-technical teacher education program. Northern Montana College maintains its statewide mission in vocational teacher preparation through the Center for Vocational Education Research, Curriculum and Personnel Development.

The unique programmatic emphasis at Northern Montana College is middle technology. A wide range of middle technology focused programs are offered at the baccalaureate and associate degree levels. Middle technology is the application of high technology, product innovation, and engineering to the productivity and economic development of society which expedites the transfer of technology to business, military, environmental, and industrial enterprises through computerization and automation.

Budget Issues

Support Program - RERS Implementation funding for the Regents Employee Reporting System has been included in the executive budget request for the support program. The difference between the recommended support program budget and the base budget for each fiscal year is due to recommended funding for RERS. Detailed RERS information has been provided in the Montana University System narrative.

WESTERN MONTANA COLLEGE OF THE UNIVERSITY OF MONTANA

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr R	Base Incr/Decr Recommended	Base	Fiscal 1993Incr/Decr Recor	iscal 1993Incr/Decr Recommended
Full Time Equivalent Employees	101.82	102.04	108.56	.30	108.86	108.56	.30	108.86
Personal Services Operating Expenses Fourinment	3,676,496.73 932,517.14 31,659.74	3,388,697 1,300,681 29,262	3,891,494 923,216 50,922	1,761	3,893,255 891,419 34,485	3,891,387 924,401 51,792	1,879	3,893,266 892,137 35,355
Total Agency Costs	\$4,640,673.61	\$4,718,640	\$4,865,632	\$-46,473	\$4,819,159	\$4,867,580	\$-46,822	\$4,820,758
Current Unrestricted Fund Total Funding Costs	\$4,640,673.61	\$4,718,640	\$4,865,632 \$4,865,632	\$-46,473	4,819,159 \$4,819,159	\$4,867,580	\$-46,822	\$4,820,758
Instruction Operation & Maint Of Plant Scholassking & Followshing	2,302,490.94 708,338.88	2,323,923 823,342	2,423,539 820,853 107,889	0 -55,338 0	2,423,539 765,515 107,889	2,423,539 820,056 107,889	0-55,687	2,423,539 764,369 107,889
Support Total Program Costs	\$4,640,673.61	1,463,486	1,513,351	8,865	\$4,819,159	\$4,867,580	8,865	\$4,820,758

Agency Description

In 1893, Western Montana College at Dillon was established as the state normal school. Throughout its history, Western Montana College has been a teacher training institution with emphasis on preparing teachers for service in small schools in rural areas.

On July 1, 1988, the Montana Board of Regents administratively merged Western Montana College with the University of Montana. Western Montana College has since become known as Western Montana College of the University of Montana (WMCUM) and continues to function as a separately accredited, individually-budgeted branch campus of the university.

In addition to its four-year degree program in teacher education, Western Montana College of the University of Montana also offers a number of associate degree programs in the arts, sciences, business, and education. Newly initiated programs at Western include early childhood education and tourism/recreation. Students at WMCUM can complete the first two years of most UM programs without losing academic credit. Western also participates in a master's degree in education program offered by the University of

Budget Issues

Montana.

Support Program-RERS

Implementation funding for the Regents Employee Reporting System has been included in the executive budget request for the support program. The difference between the

recommended support program budget and the base for each fiscal year is due to recommended funding for RERS. Detailed information on RERS has been provided in the Montana University System narrative.

Operation and Maintenance of Plant

The difference between the base and the executive recommendation for the plant program is primarily attributable to adjustments in utilities and equipment to more closely align them with actual expenditures. The plant program budget represents a reasonable increase over FY90 actual program expenditures.

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992Incr/Decr Recommended	ecommended	Base	Fiscal 1993 - Incr/Decr	Fiscal 1993Incr/Decr Recommended
Full Time Equivalent Employees	259.67	258.67	259.67	00.	259.67	259.67	00	259.67
Personal Services Operating Expenses Equipment Debt Service Total Agency Costs	7,525,969.89 1,472,408.40 133,594.00 306.00 \$9,132,278.29	7,921,038 1,479,202 129,000 0 89,529,240	7,923,964 1,496,622 129,000 <u>0</u> <u>0</u>	5,555 15,000 0 0 0 \$20,555	7,923,964 1,502,177 144,000 0 89,570,141	7,923,964 1,479,429 129,000 89,532,393	3,958 0 0 0 83,958	7,923,964 1,483,387 129,000 0 89,536,351
Current Unrestricted Fund Total Funding Costs	9,132,278.29	9,529,240	9,549,586	\$20,555	9,570,141	9,532,393	3,958	9,536,351
Organized Research US Range Station Total Program Costs	8,766,275.59 366,002.70 \$9,132,278.29	9,139,845 389,395 \$9,529,240	9,160,211 389,375 \$9,549,586	5,555 15,000 \$20,555	9,165,766 404,375 89,570,141	9,143,067 389,326 \$9,532,393	3,958 0 \$3,958	9,147,025 389,326 89,536,351

The Montana Agricultural Experiment Station (MAES) was established at Montana State University in 1893 by the Montana legislature under authorization provided by the U.S. Congress of 1887 (Hatch Act).

The goal of the Agricultural Experiment Station is to contribute to the welfare of state, national, and international communities through relevant research programs on agricultural problems. The MAES has two programs: Organized Research and the U.S. Range

The Organized Research Program includes fourteen academic departments, service divisions and laboratories located at Bozeman plus seven agricultural research centers around the state. The research program is funded by general fund, state special revenue generated from agricultural sales, and federal revenue from Hatch Act formula and regional funds for cooperative research projects, primarily with other western states.

The MAES conducts research to improve the competitive position of Montana crop and livestock producers and to develop agricultural production principles and techniques applicable to semiarid and intermountain regions throughout the world.

The USDA and Livestock and Range Research Station (U.S. Range Research Station) in Miles City is a joint state-federal operation. The station is the largest beef cattle research facility in the nation. Current research includes beef cattle breeding; reproduction and nutrition; range management and renovation. The U.S. Range Program is funded entirely with state special revenue generated from cattle sales.

In December 1986, the Board of Regents approved the administrative consolidation of the Montana Agricultural Experiment Station and the Montana Cooperative Extension Service. This merget became effective in the 1988-89 biennium. The two agencies continue to be individually identified and budgeted.

Budget Issues

The executive budget recommends continued funding at the FY91 authorized level with the following modifications:

- L. An additional \$15,000 is budgeted for the purchase of a pick-up truck in FY92 for the Range Station. The truck purchase will be entirely funded with state special revenue from the sale of surplus cattle.
- 2. The FY93 budget and base reflect a general fund decrease of \$15,752 due to removal of funding for a ten-year telephone system lease agreement terminating in FY92.

The executive budget includes continuation of funding for the Spring Wheat Breeding program at the FY91 authorized level of \$85,000 per annum. The program is oriented toward improving the economic yield and marketability of spring wheat.

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Base Incr/Decr Recommended	ecommended	Base	ase Incr/Decr Re	Fiscal 1993Incr/Decr Recommended
Full Time Equivalent Employees	115.77	115.77	115.77	00.	115.77	115.77	00	115.77
Personal Services Operating Expenses Equipment Debt Service Total Agency Costs	3,744,821.02 513,624.83 16,655.12 3,344.88 \$4,278,445.85	3,988,347 530,019 20,000 \$4,538,366	3,988,347 533,827 20,000 0 84,542,174	000,21-000	3,988,347 518,827 20,000 0 0 84,527,174	3,988,347 522,188 20,000 64,530,535	-14,473 0 0 0 8-14,473	3,988,347 507,715 20,000 84,516,062
Current Unrestricted Fund Total Funding Costs	4,278,445.85	4,538,366	4,542,174	-15,000	4,527,174	4,530,535	\$-14,473	4,516,062
Public Service Total Program Costs	4,278,445.85	4,538,366	4,542,174	\$-15,000 \$-15,000	4,527,174 \$4,527,174	4,530,535	<u>-14,473</u> \$-14,473	4,516,062

The Montana Cooperative Extension Service (MCES), also known as the MSU extension service, was established as a result of the federal Smith-Lever Act of 1914. The role of the MCES is to disseminate and encourage useful and practical information on subjects relating to efficient agricultural production, marketing of agricultural products, human resource development, and farm and home safety. The extension service also provides special nutrition programs for low-income people; promotes a development program for Montana communities incorporating economic, natural and human resources; and manages the 4-H Program.

The agency is located at Montana State University in Bozeman and has three area offices. The extension service serves 53 of the 56 Montana counties through 49 county extension agent offices.

In response to legislative action during the June, 1986, Special Session III, the Board of Regents approved the administrative consolidation of the Montana Agricultural Experiment Station and the Montana Cooperative Extension Service effective July 1, 1987. These two agencies continue to be individually identified and budgeted.

Budget Issues

The FY91 authorized budget includes \$15,000 state special revenue for fees the extension service is permitted to charge for conducting groundwater protection workshops as provided in HB757. The extension service has not collected any fees. Therefore, the \$15,000 state special revenue has not been included in the executive budget recommendation for the 1993 biennium. The FY93 base and the recommended budget

reflect a decrease of \$10,546 due to removal of funding for a ten-year telephone lease agreement which terminates in FY92.

The extension service derives approximately 43% of its funding from federal Smith-Lever funds. The remainder of its budget is general fund.

MONTANA FOREST AND CONSERVATION EXPERIMENT STATION

Full Time Equivalent Employees Personal Services Operating Expenses Equipment Total Agency Costs Current Unrestricted Fund Total Funding Costs	Fiscal 1990 Actual 16.09 507,491.11 137,060.44 3,750.00 \$648,301.55 648,301.55	Fiscal 1991 Appropriated 16.09 547,721 127,184 13,000 \$687,905 687,905	Base 16.09 15.09 128,584 13,000 \$689,305 689,305 \$689,305	100 (100 1	Tiscal 1992 16.09 16.09 16.09 15.09 128,943 128,943 13,000 15,000	Base 16.09 547,721 129,196 13,000 \$689,917 689,917	Fiscal 1993 Incr/Decr .00 .00 .151 .8151 .8151	Recommended 16.09 129.347 13,000 \$690,068 690,068
	648,301.55 \$648,301.55	\$687,905	\$689,305	\$359	\$689,664	\$689,917	\$151	890,068

Agency Description

The Montana Forest and Conservation Experiment Station (MFCES) is statutorily established at the University of Montana. The functions of the station include the study of relationships between forests and other dimensions of the environment, the discovery of ways to improve the products of forest lands, and the completion and publication of reports about forestry research. Research is conducted at the Lubrecht Experimental Forest and at other locations in Montana in cooperation with private, state, and federal agencies.

Budget Issues

There are no significant budget issues. Recommended budget increases are a reflection of inflation adjustments.

General fund is the only appropriated funding source for this agency,

BUREAU OF MINES

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr Recomm	Fiscal 1992	Base	Fiscal 1993 Incr/Decr Recon	iscal 1993Incr/Deer Recommended
Full Time Equivalent Employees	26.82	26.82	26.82	00.	26.82	26.82	00	26.82
Personal Services Operating Expenses Equipment Debt Service Total Agency Costs Current Unrestricted Fund Total Funding Costs Independent Operations Total Program Costs	955,117.46 348,692.29 19,945.29 3,400.00 \$1,327,155.04 1,327,155.04 \$1,327,155.04 \$1,327,155.04	980,250 372,629 28,500 81,381,379 1,381,379 1,381,379 1,381,379 51,381,379	976,772 368,719 28,500 81,373,991 \$1,373,991 \$1,373,991 \$1,373,991	36,794 -36,794 0 0 \$0 0 \$0	1,013,566 331,925 28,500 0 \$1,373,991 \$1,373,991 \$1,373,991	976,772 368,924 28,500 \$1,374,196 1,374,196 \$1,374,196 \$1,374,196	36,794 -36,794 -36,794 -80	1,013,566 332,130 28,500 81,374,196 1,374,196 \$1,374,196 \$1,374,196

Agency Description

The Bureau of Mines is a statutorily-established department of the Montana College of Science and Technology. The bureau is charged with gathering, maintaining, and publishing information relative to Montana geology, mining, milling and metallurgy; studying the geological formations with reference to economic mineral resources and groundwater; examination of the topography and physical features of Montana relative to the impact upon the occupation of the people; studying mining, milling, and smelting relative to improvement; and considering other scientific and economic problems valuable to the people of Montana.

Bureau funds and projects are apportioned between basic research and public service. The bureau conducts field and laboratory studies, collection of samples and information, interpretation of data, and compilation of statistics on all mineral resources including metallic and non-metallic minerals, fuels, and groundwater. Projects are undertaken in cooperation with the U.S. Geological Survey, the U.S. Bureau of Mines and other agencies.

Budget Issues

No significant budget issues have been identified.

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 - Incr/Decr	Fiscal 1992Incr/Decr Recommended	Base	Fiscal 1993 Incr/Decr R	iscal 1993
Full Time Equivalent Employees	84.54	84.54	84.54	1.61	86.15	84.54	1.61	86.15
Personal Services Operating Expenses Equipment Debt Service Total Agency Costs	2,233,990.00 449,134.31 9,109.57 19,857.12 \$2,712,091.00	2,372,289 501,879 12,000 6,975 \$2,893,143	2,390,828 507,345 12,000 7,900 \$2.918,073	53,497 -18,538 -1,079 0	2,444,325 488,807 10,921 7,900 67 051 053	2,389,987 512,123 12,000 7,900	53,467 -18,536 -1,079 0	2,443,454 493,587 10,921 7,000
General Fund State Special Revenue Fund Federal Special Revenue Fund Total Funding Costs	2,367,325.48 160,042.32 184,723.20 \$2,712,091.00	2,536,102 147,307 209,734 \$2,893,143	2,574,566 147,307 196,200 \$2,918,073	48,758 15,122 -30,000	2,623,324 162,429 166,200 62,051,053	2,578,503 147,307 196,200	43,820 20,032 -30,000	2,622,323 167,339 166,200
Administration General Services Student Services Education Total Program Costs	213,204.35 242,660.20 749,374.67 1,506,851.78 \$2,712,091.00	213,102 283,193 827,033 1,569,815 \$2,893,143	200,480 282,109 844,006 1,591,478 \$2,918,073	382 -38,369 16,416 55,451 \$33,880	200,862 243,740 860,422 1,646,929 \$2,951,953	200,440 282,023 846,679 1,592,868 \$2,922,010	381 -38,409 16,392 55,488 \$33,852	200,821 243,614 863,071 1,648,356 \$2,955,862

The purpose of the Montana School for the Deaf and Blind is to provide an ordinary public school education for its students by use of specialized methods and to teach trades and vocations that will enable students attending the school to become independent and self-sustaining citizens. Authority for the school is contained in Title 20, Chapter 8, part 1, McA. A maximum of 80 children and adolescents reside on campus throughout the school year. These students must be diagnosed as being deaf and/or blind or must have a hearing or sight impairment that is so severe that they are unable to receive a proper education in the public schools of the state. Additionally, the school provides for a minimum of 50 day students from the Great Falls area and serves over 250 students statewide through local education agencies by use of a Resource Consultant Program.

The school is under the general supervision, direction, and control of the Board of Public Education as provided in 20-8-101, MCA.

Sudget Issues

Administration Program

The personal services for this program, which provides purchasing, accounting, personnel functions, and management of business affairs, are budgeted at current level in accord with intent of the Fifty-first Legislature which did not appropriate funds for an increased

housing allowance or pay increases above the FY91 pay plan.

General Services

General Services is responsible for the repair, maintenance, and janitorial services for the eight buildings and 11.5 acre school campus. The recommended budget provides for only slight increases in utility costs over FY90 actual expenses each year of the 93 biennium because the school received a free retrofit of the plant that saves approximately \$625 annually in utility costs. The retrofit was provided with oil overcharge funds by the Department of Natural Resources, Environment Energy Division, State Building Energy Conservation Program established by HB750 and HB563 in the 1989 Legislature.

Student Services

The Student Services Program provides twenty-four hour care to residential students enrolled at the school. The recommended budget increases general fund by \$14,944 in FY92 and \$14,911 in for the addition of a 0.77 FTE nightwatch attendant to provide additional supervision to the six dormitory wings during the midnight to eight a.m. shift.

Education

The executive budget recommends an additional 0.84 FTE supervising teacher at a general fund cost of \$33,173 in FY92 and \$33,181 in FY93. The position is required to assist the school in meeting its accreditation needs as outlined by the Conference of Educational Administrators Serving the Deaf (CEASD) during its review of MSDB in January, 1990.

This supervising teacher of the deaf will take over the duties of supervising teachers and aids, conduct performance evaluations, and assist the principal in developing a written, sequential curriculum.

In addition, \$20,000 each year is added for one-time maintenance repairs on the academic building because funding through the Long-Range Building Program is not appropriate for this purpose.

The general fund increases \$408,794 for the 1993 biennium over the 1991 biennium, primarily as a result of reduced federal Chapter I funding. The FY91 Chapter I appropriation is \$168,426, but the declining revenue is indicated by FY90 actual receipts of \$148,489. It is estimated that \$130,000 will be received each year of the 1993 biennium. Declining federal revenue is replaced with general fund in the executive budget.

MONTANA ARTS COUNCIL

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Fiscal 1992	Base	- Fiscal 1993 Incr/Decr	Fiscal 1993Incr/Decr Recommended
Full Time Equivalent Employees	7.97	8.97	7.97	00.	7.97	7.97	00.	7.97
Personal Services	215,848.33	251,781	225,440	495	225.935	225.085	493	878 278
Operating Expenses	207,171.14	250,062	205,805	-2,455	203,350	206,042	-12	206,030
Equipment : Grants	5,3/4.00	909,385	166,709	70,000	236,709	166,709	70.000	236.709
Total Agency Costs	\$1,030,701.56	\$1,411,228	\$597,954	\$68,040	\$665,994	\$597,836	\$70,481	\$668,317
General Fund	131,169.02	128,568	137,835	-4,140	133,695	137,820	-3,344	134,476
State Special Revenue Fund	541,420.88	859,131	113,225	41,605	154,830	113,195	42,044	155,239
Total Funding Costs	\$1,030,701.56	\$1,411.228	\$56,7954	\$68,040	\$66,599\$	\$597,836	\$70,481	\$668,317
Promotion Of The Arts Total Program Costs	1,030,701.56 \$1,030,701.56	\$1,411,228	\$597,954	68,040 \$68,040	665,994 \$665,994	597,836 \$597,836	70,481 \$70,481	\$668,317

Agency Description

the state. It fosters interest in state cultural heritage and expands state cultural resources. It encourages and assists freedom of artistic expression essential for the well-being of the As authorized by 22-2-101, MCA, the Montana Arts Council exists to encourage the study and presentation of the arts in Montana and to stimulate public interest and participation. in all disciplines. It recommends appropriate methods to encourage participation in and appreciation of the arts, which meet the needs and aspirations of persons in all parts of It cooperates with public and private institutions engaged in artistic and cultural activities,

These duties are carried out by the staff for the following activities:

- 1. On-going programs including services to cultural organizations and individual artists, providing artists' residencies in schools and communities, administering the Percent for Art in state building projects.
- review of grant applications by discipline, evaluations of re-grants, funding technical assistance to local cultural organizations, cooperative projects with the humanities, carrying out the federally mandated statewide Cultural Congress once every two years, 2. Council-initiated projects are in-house grants to conduct the following: Congressional Arts Caucus, Artists' Telegram, First Book Award, the Governor's Arts Awards, panel and promoting the arts in Montana in cooperation with regional and national service organizations.

the Council's annual re-grant and fellowship programs, performance underwriting to rural communities, and immediate action grants for small unforeseen community-initiated projects. Under 22-2-301, MCA, the council administers the Cultural & Aesthetic 3. Direct re-grants to cultural organizations and fellowships to individual artists through Projects biennial grants program, for which applications are reviewed by a citizens' advisory panel and final allocations are made by the legislature.

Budget Issues

the 1993 biennium. A rent increase of \$3,034 is included in the FY92-93 base. The Cultural and Aesthetics grants projects will be included in the budget after action by the In FY90, the National Endowment for the Arts authorized the council to charge federal indirect costs of the statewide cost allocation plan (SWCAP) at a rate of 1.7% of total federal grants. The rate is being renegotiated at 0.86% and will cost \$3,000 each year of Long-Range Planning Committee.

Arts in Education and Rural Arts

arts in education programs through Montana public schools. Including these grants in the agency budget enables the council to qualify for \$35,000 federal matching revenue each The council has been authorized to request \$35,000 each year of the 1993 biennium of cultural and aesthetics projects funds for pass-through as rural arts initiative grants and

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Fiscal 1992Incr/Decr Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	33.26	34.65	29.35	31.	29.50	29.35	.15	29.50
Personal Services	773.217.31	903,680	766.025	121	766,146	765,150	170	765,320
Operating Expenses	566,432.82	681,795	472.526	18,913	491,439	475,619	18,535	404,154
Equipment	188,578.19	157,447	127,802	-14,460	113,342	133,035	-17,250	115,785
Grants	887,823.24	1,217,089	1,025,154	-11,839	1,013,315	1,025,154	-14,768	1,010,386
Transfers	00.00	0	0	325,000	325,000	0	325,000	325,000
Debt Service	61,801.32	65,347	108,19	108,19-	0	61,801	-61,801	0
Total Agency Costs	\$2,477,852.88	\$3,025,358	\$2,453,308	\$255,934	\$2,709,242	\$2,460,759	\$249,886	\$2,710,645
General Fund	851,217.96	916,368	931,547	26,212	957,759	939,040	23,051	962,091
State Special Revenue Fund	727,679.26	758,926	195,000	214,161	409,161	195,000	211,232	406,232
Federal Special Revenue Fund	898,955.66	1,350,064	1,326,761	15,561	1,342,322	1,326,719	15,603	1,342,322
Total Funding Costs	\$2,477,852.88	\$3,025,358	\$2,453,308	\$255,934	\$2,709,242	\$2,460,759	\$249,886	\$2,710,645
State Library Operations	1,921,514.92	2,320,976	2,118,350	12,392	2,130,742	2,125,801	6,344	2,132,145
Natural Resource Info Services	556,337.96	704,382	334,958	243,542	578,500	334,958	243,542	578,500
Total Program Costs	\$2,477,852.88	\$3,025,358	\$7,453,308	\$255,934	25,/09,242	\$5,400,759	2549,880	27,710,045

As authorized in Title 22, Chapter 1, MCA, the Montana State Library is responsible for providing assistance and advice to all tax-supported libraries and to citizens and local governments which may wish to establish and improve libraries. It administers all state and federal funding to public libraries throughout Montana. It administers the State Library which (a) provides information service to state government; (b) provides referral and backup service to all libraries in the state; (c) provides direct library service to all blind and physically handicapped Montana residents; (d) is responsible for distribution centers of state documents; and (e) is responsible for the Natural Resource Information System and the Natural Heritage Program under 90-15-101, MCA. The agency also oversees the six federations of libraries and is responsible for policy development, long range planning, and coordination of library services throughout the state.

Budget Issues

Administration Program

Coal tax state special revenue in the Administration Program, which is used to support statewide library federations and networking, declines by \$11,838 in FY92 and \$14,768 in FY93. The impact of this decrease is that fewer dollars will be distributed to library federations for library services.

The following language, included in past biennia appropriations bills, is recommended for the 1993 biennium general appropriations act:

The state special revenue is coal severance tax funds. In the event that coal severance tax allocated to the state library under 15-35-108 (3) (9) exceeds the amounts appropriated to the state library for fiscal 1992 and 1993, the additional funds are appropriated to the Montana State Library for pass through to the library federations.

The amounts included in State Library Operations in the federal and other special revenue represent Library Services and Construction Act funds that may be transferred between fiscal 1992 and 1993.

Changes in the Administration Program budget include personal services upgrades of \$9,600 each year of the 1993 biennium and increases in printing, office supplies, rent and grounds fees. With the implementation of the new network rates, subscription fees of \$1,160 were reduced in FY92-93 by the Department of Administration, Information Services Division. The education and training budget was redirected to supplies and travel

Language is recommended for the general appropriations act that the designated cash in the equipment account will meet the requirements of an emergency for a budget

amendment at the time when Western Library Network (WLN) replaces equipment and it becomes necessary for the library to replace the two WLN on-line terminals.

NRIS/Heritage Program

Natural Resource Information Services (NRIS)/Heritage Program has since its inception been funded largely by RIT grants and various service contracts negotiated with state and federal agencies. However, in 1989, the library was advised by the Long Range Building Program Committee and the Montana Natural Resource Data System Advisory Committee that reliance on RIT grant sources could not be continued. The committee further advised that the library should seek permanent, stable funding for NRIS. Therefore, the executive budget recommends \$188,500 of resource indemnity trust funding each year as one new, stable source. The second ongoing source is state special revenue from Fish, Wildlife and Parks and other state agencies. There is an 0.85 FTE decrease from the FY91 authorized level in the recommended budget associated with these ongoing funding sources. The recommended FTE are consistent with the FY90 and FY91 actual staffing pattern.

Modification Requests

Blind & Physically Handicapped - This recommendation responds to increasing circulation and readership among Montana blind and physically handicapped consumers. The number of books sent out to these readers has increased by 93% over the past 10 years and the number of readers also has risen by 36% with no increase in staff to handle the consequent work load. The library has had to rely increasingly on volunteers to help perform the work required. A 1.00 FTE clerical position and associated equipment at a general fund cost of \$22,930 in FY92 and \$19,117 in FY93 are recommended.

NRIS Contract Authority - As more and more agencies and businesses utilize NRIS to provide the information they need, more contracts are generated to facilitate response to requests from businesses for system searches, which often must be completed within 60 days. NRIS legislative contract authority (LCA) for \$325,000 each year is included in the budget modeled after the LCA appropriated for the Department of Fish, Wildlife, and Parks. Language for the general appropriations bill also is recommended to allow transfer of this authority between state special and federal special revenue and between fiscal years.

MONTANA COUNCIL ON VOCATIONAL EDUCATION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992Incr/Decr Recor	Fiscal 1992	Base	Fiscal 1993 Incr/Decr	Fiscal 1993Incr/Decr Recommended
Full Time Equivalent Employees	2.50	2.50	2.50	00.	2.50	2.50	00.	2.50
Personal Services	73,214.07	81,663	82,011	-2,544	79,467	82,024	-2.545	79,479
Operating Expenses	53,999,48	57,280	60,289	26,901	87,190	60,391	26,903	87,294
Equipment	475.00	200	200	-500	0	200	-500	0
Total Agency Costs	\$127,688.55	\$139,443	\$142,800	\$23,857	\$166,657	\$142,915	\$23,858	\$166,773
Federal Special Revenue Fund	127,688.55	139,443	142,800	23,857	166,657	142,915	23,858	166,773
Total Funding Costs	\$127,688.55	\$139,443	\$142,800	\$23,857	\$166,657	\$142,915	\$23,858	\$166,773
Administration	127,688.55	139,443	142,800	23,857	166,657	142,915	23,858	166,773
Total Program Costs	\$127,688.55	\$139,443	\$142,800	\$23,857	\$166,657	\$142,915	\$23,858	\$166,773
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Agency Description

The Montana State Council on Vocational Education was created in 1985 by Executive (P.L. 98-524). The purpose of the 13-member council is to analyze and evaluate the vocational education program delivery system assisted under the perkins act and under the Order No. 3-85 to comply with the Carl D. Perkins Vocational Education Act of 1984 lob Training Partnership Act, and to report to and advise the Governor, Board of Regents, Commissioner of Higher Education, the business community, and general public as to how well vocational education needs are being met in the state,

Under federal guidelines, the council works with the Board of Regents on the development of the State Plan for Vocational Education, technical committees, evaluation criteria, adult training and retraining programs, and industry-education partnerships. The council conducts evaluations of vocational education programs, reviews articulation among various education and training programs, and participates in state planning for vocational education.

The administrative staff conducts research, prepares reports, plans council meetings and travel, manages council fiscal activity, maintains all council records, supervises the accomplishment of council goals and mandates, and represents the council when directed to by council members.

Budget Issues

Federal Revenue Increase

Congressional re-authorization of federal vocational education funding increases available revenue by \$60,000 over the 1991 biennium. The staff will assume additional responsibilities and increase contracts for professional services in order to accomplish the expanded program of work required by new federal mandates.

HISTORICAL SOCIETY

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	scal 1992Incr/Deer Recommended	Base	Fiscal 1993 . Incr/Decr	iscal 1993
Full Time Equivalent Employees	52.44	50.28	48.28	00.	48.28	48.28	00.	48.28
Personal Services Operating Expenses Equipment Grants Transfers Debt Service Total Agency Costs	1,237,310.78 933,112.63 78,235.72 134,615.52 45,879.00 70.80	1,363,496 839,053 31,939 350,000 41,320 0	1,292,124 784,152 26,046 350,000 41,320 0	2,912 55,173 42,659 0 6,749	1,295,036 839,325 68,705 350,000 48,069 0 \$2,601,135	1,290,904 790,551 26,583 350,000 41,320 62,499,358	2,904 41,673 -4,522 0 7,119 0	1,293,808 832,224 22,061 350,000 48,439 0 \$2,546,532
General Fund State Special Revenue Fund Federal Special Revenue Fund Proprietary Fund Total Funding Costs	1,150,693.85 235,189.53 435,255.11 608,085.96 \$2,429,224,45	1,246,502 265,642 606,491 507,173 \$2,625,808	1,223,328 194,306 606,266 469,742 \$2,493,642	37,243 322 27,279 42,649 \$107,493	1,260,571 194,628 633,545 512,391 \$2,601,135	1,226,246 193,967 606,690 472,455 \$2,499,358	7,296 322 2,437 37,119 \$47,174	1,233,542 194,289 609,127 509,574 \$2,546,532
Administration Library Museum Magazine Historical Sites Preservation Total Program Costs	644,735.52 486,547.82 244,561.84 653,964.96 399,414.31 \$2,429,224,45	714,642 471,543 243,598 556,742 639,283 \$2,625,808	641,760 444,372 242,425 517,811 647,274 \$2,493,642	12,161 -169 30,718 56,522 8,261 8,261	653,921 444,203 273,143 574,333 655,535 \$2,601,135	643,762 444,982 242,314 520,524 647,776 \$2,499,358	12,163 -173 -173 716 37,489 -3,021 \$47,174	655,925 444,809 243,030 558,013 644,755 \$2,546,532

Agency Description

The Montana Historical Society exists for the use, learning, culture, and enjoyment of the citizens of the state and for the collection, preservation, and interpretation of Montana material culture including artifacts, art, documents, and records. The society maintains a library, an art gallery, a museum, and historical exhibits. The society publishes the state historical magazine, a newsletter and other historical works, and provides educational information for travelers and the general public. The agency also administers the National Historic Preservation Act and the State Antiquities Act. The Historical Society was established in 1865 and is provided for in 22-3-101, MCA. There are five programs in

Budget Issues

Administration Program

A reorganization in FY90 moved the assistant director position to a Library Program administrator position. Although the position was funded under administration in FY90

and FY91, the executive budget moves the salary to the library as an internal reallocation with no increase to agency total expenditures.

An additional two positions with a total of 0.88 FTE were moved from administration to the Magazine Program due to declining donated revenue for management purposes. The positions now provide support to the merchandise activities and are paid for with proprietary revenue which off-sets an equal reduction of donated state special revenue.

Increases in the operating budget include consultant services for sign production of Native American Highway markers funded with accommodations tax.

Board of Trustees reimbursement increases of \$7,654 are recommended each year of the 1993 biennium to conform to 2-15-124 (7), MCA, which requires the agency to reimburse legitimate travel expenses and pay \$50 per day honoraria when engaged in society business.

Museum Program

held radios to adequately monitor the complex expanse of exhibits and artifacts. The one-There is a recommended security improvement of sixteen video cameras and five handtime cost will be \$30,000 in FY92.

Magazine Program

Four increases recommended in the executive budget are as follows:

1. Word processing, on-line edit and entry, typesetting, and communications equipment

is recommended to be funded from proprietary fund sources. The \$5,900 recommended in FY92 only is from magazine sales.

2. Accounting requires that general fund, subsidizing a proprietary account, be transferred to that account. The program requires an additional \$6,749 in FY92 and \$7,119 in FY93 in the proprietary account to support the transfer. The added subsidy occurs because these

funds are tied to increased personal services costs of two positions.

3. Increased proprietary fund authority of \$30,000 each year is recommended for merchandise activity within the Magazine Program which has consistently exceeded its base budget in the past several years. The primary lack of authority has been in the areas

of postage and goods purchased for resale.

4. The remaining \$13,500 of the Milwaukee Mitigation budget amendment is recommended to be expended in FY92 on completing research, writing the text, and typesetting and printing a manuscript for the Department of Highways. In FY91 the society submitted a budget amendment for authority to expend \$1,500 of this \$15,000 grant to produce the booklet for Highways. This already approved portion of the grant allowed the society to contract with a historian to begin the project research.

Historical Sites Preservation

Two computers are recommended for the program in FY92 to enhance data base management and word processing. Funding of \$11,400 for this modification will come from federal Historic Sites Preservation funds.

FIRE SERVICES TRAINING SCHOOL

nded Base Incr/Decr Recommender	00. 00. 00. 00.	0\$ 0\$ 0\$ 0\$ 0\$ 0\$ 0\$ 0\$	0\$ 0\$ 0\$ 0\$ 0\$ 0\$ 0\$ 0 0 0 0 0 0 0 0 0	$0 \qquad 0 \qquad 0 \qquad 0 \qquad 0 \qquad 0$
Base Incr/Decr Recommended	00.	0 0 0	0 0 0 0	0
Base	00.	0 0 0	0 0 0 0 0 0 9	0
Fiscal 1991 Appropriated	5.00	172,084 75,219 3,184 \$250,487	219,055 2,499 28,933 \$250,487	250,487
Fiscal 1990 Actual	5.00	166,691.87 72,406.06 17,103.27 \$256,201.20	220,257.92 16,847.01 19,096.27 \$256,201.20	\$256,201.20
	Full Time Equivalent Employees	Personal Scrvices Operating Expenses Equipment Total Agency Costs	General Fund Federal Special Revenue Fund Proprietary Fund Total Funding Costs	Fire Services Training School Total Program Costs

Agency Description

The Fire Services Training School administers and maintains a resource center for use by localities; provides regional, local and state-wide training to assist fire services personnel in handling structural fires; develops structural fires courses and training materials; maintains a network of field instructors and offers testing and certification for personnel and apparatus. The 1989 Legislature transferred the school from the Board of Public Education to supervision by the Board of Regents, as authorized in 20-31-102, MCA.

Budget Issues

As part of the Governor's plan to streamline and create efficiencies within state government, the Department of State Lands budget includes the Fire Services Training School.

With consolidation of the Fire Services Training School and the DSL Fire Management Bureau in Missoula, \$200,000 of general fund is saved due to management efficiencies, elimination of duplications, and utilization of \$117,000 of state special revenue from increased landowner protection fees pursuant to 76-13-201(2), MCA.

Because urban development in forested areas creates fire protection problems associated with urban/wildland interface, more adequate protection of Montana resources, during a fire will be possible under consolidated structural and wildland fire services. The most cost-effective management of statewide training, mutual aid agreements, communications systems, and local resources will be fire services administration by DSL. Some cities will continue to provide structural fire training; and loan library resources, formerly administered by the school, will continue to be available statewide.

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	scal 1992	Base	- Fiscal 1993 Incr/Decr	iscal 1993
Full Time Equivalent Employees	877.60	575.71	528.52	27.49	556.01	528.52	27.49	556.01
Personal Services	15,200,970.54	519,979,615	15,705,648	661,982	16,367,630	15,704,297	661,028	16.365,325
Operating Expenses Equipment	1,912,151.51	1,557,469	11,905,330	1,538,467 203,203	13,443,797	11,823,403	1,784,745	13,608,148
Capital Outlay Grants	3,778,907.88	4,850,921	10,000	0 262 413	10,000	10,000	0 262 413	000001
Benefits and Claims	4,274.00	3,000	3,000	0	3,000	3,000	0	3,000
Total Agency Costs	\$34,578,375.52	\$40,655,295	\$32,896,178	\$3,237,503	3,906,893	\$32,765,587	\$3,620,204	4,106,956
General Fund	0.00	0	0	750,000	750.000	0	750,000	750,000
State Special Revenue Fund	23,654,967.19	27,770,479	20,390,906	1,776,043	22,166,949	19,982,839	2,247,283	22,230,122
Federal Special Revenue Fund	8,800,872.16	10,569,965	10,200,708	929,629	10,890,384	10,455,977	616,241	11,072,218
Proprietary Fund	2,122,536.17	2,314,851	2,304,564	21,784	2,326,348	2,326,771	0,680	2,333,451
Lotal Funding Costs	75.5/5,0/5,456	240,023,293	227,890,178	23,737,503	350,133,081	352, 705,587	\$3,620,204	16/ 585,058
Management Services	3,587,929.54	3,489,139	3,574,345	146,098	3,720,443	3,614,770	147,488	3,762,258
Field Services	2,694,403.15	2,903,339	2,735,398	559,874	3,295,272	2,741,415	685,434	3,426,849
Fisheries	5,456,339.67	6,335,822	5,808,427	747,431	6,555,858	5,601,263	1,009,245	6,610,508
Law Enforcement	4,241,203.89	4,629,601	4,489,004	174,627	4,663,631	4,519,429	179,214	4,698,643
Wildlife	5,479,903.54	8,099,992	7,003,924	351,570	7,355,494	7,035,071	280,590	7,315,661
Recreation & Parks	3,489,486.27	4,665,234	4,780,917	463,994	5,244,911	4,794,605	493,008	5,287,613
Capital Outlay	6,319,769.17	6,383,528	888,935	-43,492	845,443	841,590	-	841,589
Conservation Education	1,357,921.33	1,597,568	1,495,139	107,802	1,602,941	1,504,642	110,400	1,615,042
Administration	1,951,418.96	2,551,072	2,120,089	729,599	2,849,688	2,112,802	714,826	2,827,628
Total Program Costs	\$34,578,375.52	\$40,655,295	\$32,896,178	\$3,237,503	\$36,133,681	\$32,765,587	\$3,620,204	\$36,385,791

The Montana Department of Fish, Wildlife, and Parks, under the direction of the Fish and Game Commission, is legally responsible for managing the state's fish, wildlife, and recreational resources. Specific laws address the protection, preservation, and propagation of game species; seasons and regulations for fishing and hunting; protection of habitat; and preservation of nongame animals.

The department is responsible for the state park system that includes scenic, historical, cultural, and recreational resources. It also administers the Land and Water Conservation Fund that supports outdoor recreational activities.

Other legal responsibilities include boat registration, water safety, litter control, snowmobile regulations, trespass laws and public safety. State laws that influence department activities

include the Montana Environmental Policy Act, Flood Plain Law, Strip Mining and Utility

Siting Act, subdivision laws, Water Use Act, Water Quality Act, Pesticide Act, Lakeshore Protection Act, and Renewable Resource Development Act.

Budget Issues

General License Account

The department is projecting a shortfall in the general license account (GLA). To address

the projected shortfall the department, as directed by the Governor and the Fish and Game Commission, is holding public hearing throughout the state on various revenue and expenditure options. The options being explored by the department include:

1. Reduce current level spending for programs funded by the GLA;
2. Reduce spending in some of the carmarked revenue programs and transfer the savings

Reduce spending in some of the carmarked revenue programs and transfer the saving to offset the GLA shortfall;

. Increase the statutory limit on the number of nonresidents allowed to hunt in Montana;

. Increase hunting and fishing license fees.

The department will analyze the public comments and recommend to the legislature the preferred options to address the GLA shortfall. Because the executive budget was prepared before the completion of the public hearings the recommended changes to the address the GLA shortfall are not included, but will be presented to the legislature at a future date.

Hunting and Fishing License Interest

The executive recommends legislation directing that interest earned by hunting and fishing license accounts be credited to those accounts. New federal U. S. Fish and Wildlife Service rules require the department to receive interest earned on the license accounts cash balances. Presently the earnings are credited to the general fund. Failure to comply with the federal rule would jeopardize \$7 million received from federal agencies by the department each year. If the legislation is effective January 1, 1992, the general fund loss will be \$375,000 during the 1993 biennium and approximately \$250,000 per year thereafter.

Fiscal Management Position

The executive budget includes a new budget analyst position to provide a more thorough tracking of laws and rules that relate to the various earmarked accounts and the requirements in the legislative appropriation bills. Earmarking of department revenues complicates fiscal management and impacts budget preparation, allocation, monitoring, and analysis. In FY82 the department had an operations budget of \$15 million with 20 funding sources. In FY90 the budget has grown to \$31 million with 38 funding sources. The general license account finances the proposed 1.00 FTE with \$35,105 in FY92 and \$33,726 in FY93.

Vehicle Account

The executive recommends additional proprietary fund authority of \$77,732 in FY92 and \$81,113 in FY93 to cover the vehicle expenses related to travel included in many department program increases.

Block Management Program

The executive recommends continuation of the block management expansion approved in the 1991 biennium budget plus an increase in the 1993 biennium budget. The demand for managing hunters under the block management program has exceeded budget. The program is supported by landowners and sportsmen because the program provides sportsmen with hunting opportunities on private land and landowners control over recreation use of their property. In the 1991 biennium appropriations bill the legislature required that the \$173,000 per year program expansion be re-presented to the legislature for its re-consideration and re-appropriation. The executive budget continues the program plus an increase of \$137,000 per year.

Fishing and Motorboat Access

The executive recommends continuation of the fishing and motorboat access expansion approved in the 1991 biennium budget. The legislature in the 1991 biennium appropriations bill required that the fishing and motorboat access program expansion be re-presented to the legislature for its re-consideration and re-appropriation. The department received and continues to receive federal funds for designing and constructing new and improving existing fishing and motorboat access sites. The \$40,700 in FY92 and \$40,630 in FY93 of state special revenue and federal revenues will be used to meet public demands for improved access sites.

Microcomputer Support

The executive recommends continuation of the microcomputer support expansion approved in the 1991 biennium budget. The 1989 Legislature approved 1.00 FTE to provide programming and technical support to computer users throughout the department. In the 1991 biennium appropriations bill, the legislature required that the microcomputer support program expansion be re-presented to the legislature for its re-consideration and reappropriation. The executive budget continues the program at \$31,886 in FY92 and \$31,818 in FY93.

Game Damage

The executive recommends an additional \$50,000 in FY92 and \$75,000 in FY93 for the game damage program. The program assists landowners, who are experiencing crop damage caused by big game animals, by providing scare-tactic devices, herders, chemical repellents, and fencing supplies to prevent or alleviate crop damage. Over the past several years, the program budget has been insufficient to meet the landowner needs. The increased budget will allow the department to procure a larger supply of materials to meet needs for assistance.

Sporting Information

The executive recommends \$17,000 per year to provide sporting information supplies at locations of licensing agents. Thirty percent of Montana sportsmen surveyed indicated they prefer to get the majority of their hunting and fishing information from license agents. The program increase is to provide: 1) development of displays for use by agents; and 2) annual briefings for license agents in each region.

License Agent Commission

The executive recommends increasing the commission paid to 400 local business which serve as department licensing agents. The current commission rate of \$0.30 per license is proposed to increase to \$0.40 in FY92 and \$0.50 in FY93. Legislation will be introduced which increases the commission rates. The \$0.10 commission increase would be phased in over FY92 and the additional \$0.10 increase over FY93. The executive budget includes \$10,300 in FY92 and \$97,300 in FY93 to fund the increased agent commissions.

Development and Maintenance of Department Property

The executive recommends an increase for design and construction support for the wildlife management areas and waterfowl projects. As additional sites are purchased, or leased by the department, the administrative resources needed to develop and maintain the sites become strained. The department via HB526 has purchase or leased several wildlife management areas. These wildlife management areas need development to fully utilize their wildlife potential. The budget includes \$60,000 per year for the program increase.

Computerize Land Records

The executive recommends \$35,000 per year to speed-up department computerization of its land files. The department will contract for computer program development, summarization of land data, creating records for all sites, and other related work that needs to be accomplished to complete the computerization.

Water Leasing Study

The 1989 Legislature appropriated \$60,000 of federal revenue for the department to do a thorough study of the concept of leasing water rights for instream flows. The executive recommends \$60,000 for the 1993 biennium to continue the water leasing study. The funds would be used to hire consultants to do on-site hydrologic and water rights studies on potential base streams and provide expert testimony at administrative hearings on changes in water uses.

Missouri River Reservations

The executive recommends continuation of the Missouri River Reservation expansion at a cost of \$83,413 per year. The 1989 Legislature approved funding which allowed the department to pay its share of the Department of Natural Resources and Environment cost of preparing an environmental impact statement on the water reservations plus DNRE costs of holding contested case hearings and preparing hearing transcripts. In the 1991 biennium appropriations bill, the legislature required that the Missouri River Reservation program expansion be re-presented to the legislature for its re-consideration and reappropriation. The executive budget continues the program.

Streambank Projects

The executive recommends continuation of the streambank project expansion at a cost of \$41,000 per year. The 1989 Legislature approved funding which allowed the department to construct, distribute, and evaluate alternative irrigation structures which are compatible with fish production and habitat. In the 1991 biennium appropriations bill, the legislature required that the streambank project program expansion be re-presented to the legislature for its re-consideration and re-appropriation. The executive budget continues the program.

USFS Fisheries Data Project

The executive recommends continuation of the USFS Fisheries Data project expansion at a cost of \$56,949 in FY92 and \$58,050 in FY93. The 1989 Legislature approved funding which allowed the department to finance cooperative collection of fisheries data on or adjacent to national forest lands for the purpose of improved planning and decision making in forest management activities. In the 1991 biennium appropriations bill, the legislature required that the USFS Fisheries Data project program expansion be represented to the legislature for its re-consideration and re-appropriation. The executive budget continues the program.

Evaluate Fish Populations

The executive recommends continuation of the fish population evaluation expansion at a cost of \$110,196 in FY92 and \$110,158 in FY93. The 1989 Legislature approved funding which allowed the department to evaluate and monitor fish populations, develop and assess management plans, set regulations, and assess habitat conditions on priority waters.

In the 1991 biennium appropriations bill, the legislature required that the evaluate fish population program expansion be re-presented to the legislature for its re-consideration

and re-appropriation. The executive budget continues the program.

Fishing and Motorboat Access

The executive recommends continuation of the fishing and motorboat access expansion at a cost of \$32,871 in FY92 and \$33,200 in FY93. The 1989 Legislature approved funding which allowed the department to provide assistance needed to administer the fishing access and motorboat access programs. In the 1991 biennium appropriations bill, the legislature required that the fishing and motorboat access program expansion be represented to the legislature for its re-consideration and re-appropriation. The executive budget continues the program.

Flathead Lake Fisheries

The executive recommends continuation of the Flathead Lake fisheries expansion at a cost of \$23,555 in FY92 and \$24,298 in FY93. The 1989 Legislature approved funding which enabled the department to stock Kokanee on an experimental basis in response to the declines in survival of naturally spawned fish. In the 1991 biennium appropriations bill, the legislature required that the Flathead Lake fisheries program expansion be re-presented to the legislature for its re-consideration and re-appropriation. The executive budget continues the program.

Clark Fork River Investigation

The executive recommends, \$50,000 per year for technical assistance to department personnel in conducting the Natural Resources Damage Assessment lawsuit. Elimination of fish kills from toxic metals, left in the Clark Fork River flood plain by nearly 100 years of mining, and restoration of the trout populations in the Upper Clark Fork River are two of the goals of a massive cleanup effort by federal and state government entities. The laws which authorize this effort also allow the state to claim payment for damages from the Anaconda Minerals Company, now Atlantic Richfield Company (ARCO) resoulting from injury to natural resources. Montana filed a lawsuit claiming damages as a result of the hazardous mining wastes. One of the many tasks in this suit is for the department to enumerate fish losses to the satisfaction of the court.

Fish Hatchery Operations

The executive recommends \$55,000 per year to address budget deficiencies in the halchery program. Inflation increased the cost of fish food and utilities, and the fish health program faces the loss of laboratory support. Routine maintenance has been deferred to fund these increases. As a result, some periodic maintenance on buildings and equipment has not been accomplished and threatens future integrity of the system.

Also, the department has relied on the USFWS Fish Disease Center at Fort Morgan, Colorado, to support disease diagnostics and certification. In the past, these services have been free of charge. Due to increased demand on the federal facility, these services are no longer provide free. The program expansion addresses both the inflationary problems and the lab fees.

Handicapped Access Program

The executive recommends \$6,000 for a handicapped access program during the 1993 biennium. The federally-mandated 504 handicapped access program requires the department to make both its facilities and its programs accessible to the disabled community. The program increase provides for fishing regulations to be produced for the visually-impaired in large print and for the blind on audio cassette. It also provides for

Enforcement Relocation

The executive recommends continuation of \$27,000 per year appropriated in the 1991 biennium for warden relocation costs. The 1989 Legislature appropriated state special revenue which allowed the department to relocate wardens. In the 1991 biennium appropriations bill, the legislature required that the \$27,000 be re-presented to the legislature for its re-consideration and re-appropriation. The executive budget includes the \$27,000.

Special Investigations

The executive recommends 1.00 FTE and \$80,000 per year to expand the law enforcement special investigation section. Illegal trafficking of game animals has been determined to be more widespread than anticipated. Current enforcement programs are inadequate to address these problems. DFWP Law Enforcement investigation section is presently addressing only 25% of the requested investigations.

Habitat Timber Sales Plans

The executive recommends continuation of the Habitat Timber Sales Planning expansion at a cost of \$16,250 per year. The 1989 Legislature appropriated state and federal revenues to finance a wildlife biologist with the Department of State Lands (DSL). The biologist is to implement habitat guidelines for timber sales on state forest lands and to continue training DSL employees for timber sale planning which is compatible with wildlife values and concerns. In the 1991 biennium appropriations bill, the legislature required that the habitat timber sales planning expansion be re-presented to the legislature for its re-consideration and re-appropriation. The executive budget continues of the program.

Canyon Ferry WMA Assistant

The executive recommends increasing the current 0.60 FTE position at Canyon Ferry WMA to a 1.00 FTE. The cost of the increase is \$7,712 in FY92 and \$7,706 in FY93 The increase would help alleviate disparity in workload, and would be used to address several wildlife priority issues, including maintenance of the WMA, upland game bird program work, and game damage assistance.

Wildlife Operating Expenses

The executive recommends continuation of \$90,600 per year of Wildlife Division operating expenses approved in the 1991 biennium budget. The 1989 Legislature approved additional operating funds because the FY88 base did not accurately reflect annual costs. The mild winter of 1988 caused lower than average operating expenditures. In the 1991 biennium appropriations bill, the legislature required that these expenses be re-presented to the

legislature for its re-consideration and re-appropriation. The executive budget continues the \$90,600 per year,

Montana Conservation Corps

The 1989 Legislature enacted legislation which created the Montana Conservation Corps. The department was unable to implement the corps because the park entrance fees, which were to finance the corps, did not earn the revenues. projected. The executive recommends implementing the corps in the 1993 biennium.

Capitol Grounds Maintenance

The executive recommends increased funding for maintenance of the capitol complex grounds. The record cold spell in 1988 killed or injured trees on the capitol complex. There is \$22,800 each year and 0.50 FTE temporary summer labor to begin to remove and replace the damaged plants. In addition there is an adjustment in snow removal pay from \$4.91 per hour up to grade 8 step 1 at a cost of \$5,500 per year. The raise provides some assurance that snow removal service will be available on call. Rates charged to state agencies for grounds maintenance services increase from \$0.2376 per square foot in FY91 to \$0.2750 per square foot cach year of the 1993 biennium.

Park Futures Committee

The State Park Futures Committee was appointed by the director of the department with the concurrence of the Governor and legislative leaders to make recommendations concerning the appropriate role, priorities, and funding for state parks. The committee conducted hearings throughout the state to listen to public opinion, and toured many state parks to see first hand the conditions, operations, funding, and staffing.

The committee consisted of four legislators, business leaders, and concerned citizens who committed their time to parks issues. The results of this effort are summarized in a comprehensive report submitted to the Governor on November 9, 1990.

The committee found the state park system in a deteriorated condition due to long-term inadequate funding and the addition of many new parks without accompanying resources for proper operations, maintenance and development. The public had many misconceptions about park system funding, including the perception that state parks get general fund and that fishing and hunting dollars could be used to help resolve the financial dilemma of the parks.

The committee identified three potential funding levels for legislative consideration: Level 1. Park Protection - This level of funding would provide the necessary resources

to avoid continued park system regression;
Level 2. Park Improvement - Adequate funding to restore the park system in ten years

Level 2. Fars improvements and the park system; and to maintain the park system; Adequate funding to restore the park system in five years and to maintain the park system.

The accelerated park improvements level was endorsed by the committee and represents total park system needs. The 1993 biennium funding options developed by the committee are indicated in Table 1 and reflect new revenues needed after available department operations revenue for FY92-93 are subtracted.

The committee recommended a list of funding alternatives which could provide new revenues to accomplish the necessary protection, improvements, and continued operations of park resources.

The executive budget includes 8.06 FTE and \$750,000 per year of general fund for increased parks operation. The Governor recognizes the additional park capital and operating needs and will work with the Park Futures Committee, the Legislature, and the department to identify additional financial resources to upgrade Montana parks.

	Parks Futures Col	Table I Parks Futures Committee Funding Levels	ø
	Park	Park	Accelerated
	Protection Level	Improvement 10 yr.	Improvement 5 yr.
FTE	12.55	21.12	20.24
Operations *1	\$1,675,000	\$2,819,000	\$4,465,000
Capital	4,000,000	000,000,000	8,000,000
Biennial Total	\$5,675,000	\$8,819,000	\$12,465,000
*1 New revenue	*1 New revenues needed above the current level funds	urrent level funds	
included in the c	included in the executive budget.		

Fishing Access Site Operations and Maintenance

The department, in recent years, has added between six and ten new fishing access sites annually. The new sites dilute department operation and maintenance funds for all sites. Currently many sites in regions 1, 2, 3, and 4 are neglected to one degree or another because of inadequate operating funds. The result is unsafe facilities and complaints from To address site maintenance problems, the executive recommends 0.63 FTE and \$50,000 per year for increased fishing access site operations and maintenance

Update Hunter Education

The executive recommends a \$25,000 per year increase in hunter education program, which is provided annually to 6,000 Montana youth. The increase will update the hunter education manuals, develop and produce videos, and standardize program curriculum.

Nongame Wildlife

a cost of \$30,000 per year. The 1989 Legislature approved state special revenue to promote the nongame tax check-off to inform the public of program benefits and develop the legislature required that the nongame wildlife program expansion be re-presented to The executive recommends continuation of the nongame wildlife program expansion at comprehensive nongame regional inventories. In the 1991 biennium appropriations bill, the legislature for its re-consideration and re-appropriation. The executive budget continues the program.

Nongame Wildlife Funding

The 52nd Legislature directed the Department of Fish, Wildlife, and Parks to develop alternatives which replace the use of hunting and fishing license fees to fund the state Nongame Program. In response, the department, in cooperation with the Northern Region of the U.S. Forest Service, surveyed other nongame programs and compiled a list of

potential nongame funding strategies. The alternatives, which will be presented to the legislature include the following three types of funding sources:

1. Tax revenue. Many states have tapped into their tax structure by designating a percentage of an existing tax --cigarette tax, motor vehicle tax, tourism tax, etc.-- to fund

adversely impact wildlife have applied a percentage of the mitigation settlement toward nongame wildlife programs.

2. Mitigation funds. Some states which have sought compensation from activities that nongame programs.

3. User fees. Some states have expanded user fees beyond operations and maintenance needs and are funding nongame programs with fees collected from people who enjoy fishing and wildlife-related recreation.

executive budget recommends continued use of license dollars to support the nongame program until alternative income sources are created. Because surveys show that hunters and anglers participate in other wildlife-related recreational opportunities--photographing and viewing wildlife, camping, hiking, etc.--the department believes a continuation of the use of hunting and fishing license fees to fund nongame programs would create neither Since the adoption of a new funding strategy likely will require legislative action, the controversy nor conflict among state hunters and anglers.

Watchable Wildlife and Youth Education

interpretive signs at Canyon Ferry concerning the bald eagle concentration in the fall of the year. The signs will promote better viewing conditions and less conflict among for watchable wildlife and youth education programs. The funds would provide The executive recommends \$22,900 state special revenue in FY92 and \$25,000 in FY93 viewers at the viewing sites. The increase supports the watchable wildlife program. The funds will: 1) introduce college-level education and resource majors to terrestrial and aquatic Project WILD; 2) directly expose every third grade student in Montana to terrestrial and aquatic wildlife and fishery information; and 3) train and maintain a core of volunteer angling instructors.

year, making a total of four department attorneys. Legal demands and requirements in such areas as water reservations, water leasing, the State Water Plan, tribal issues, land and easement acquisition, revision of the fish and wildlife statutes, development of personnel policies, and the Superfund litigation have increased and expanded, thereby creating the need for the fourth department attorney. The executive recommends the addition of an attorney position, at a cost of \$50,000 per

Tribal Relations

The executive recommends \$40,000 per year for legal, historical, resource, and tribal government information and assistance to the tribal coordination efforts of the department.

Interagency Support

The executive recommends a \$25,000 per year increase for the department grant to the Natural Resource Information System (NRIS). NRIS is administered by the Montana State Library. The total grant from the department for NRIS is \$50,000 per year.

Predator Control

The executive recommends continuation of a \$20,000 per year expansion of the predator

control grant. The Predator Control Program is administered by the Department of Livestock. In the 1991 biennium appropriations bill, the legislature required that the \$20,000 per year grant increase for predator control be re-presented to the legislature for its re-consideration and re-appropriation. The total recommended predator control grant is \$110,000 per year.

Department Dams

The executive recommends \$34,000 per year for administration of department dams. The department owns 19 dams throughout the state and some are high-hazard dams. Currently, the department does not have a full-time position to manage the maintenance of these dams.

Conservation, and Health and Environmental Sciences, the state-owned dam management function is transferred to the Department of State Lands from DNRC and DFWP. The \$34,000 per year of general hunting and fishing license revenue for administration of Fish, Wildlife, and Parks dams is transferred to the water development account, which finances In the executive reorganization of the Departments of State Lands, Natural Resources and he administration of all state-owned dams within the Department of State Lands.

The executive recommends continuation of a \$12,300 per year increase appropriated by the 1989 Legislature for legal services. The 1989 Legislature approved state special revenue for increasing legal and court costs. In the 1991 biennium appropriations bill, the legislature required that the \$12,300 per year increase be re-presented to the legislature for its re-consideration and re-appropriation. The executive budget continues the legal

department receives federal challenge grants from the federal Bureau of Land Management and the U.S. Forest Service for fish and wildlife enhancement projects. The state funds will be used to match the federal grants. In the 1991 biennium appropriations bill, the legislature required that the \$75,000 per year for federal matching grants be re-presented to the legislature for its re-consideration and re-appropriation. The executive budget The executive recommends continuation of \$75,000 per year of state special revenue appropriated by the 1989 Legislature to match \$75,000 per year of federal funds. The continues the matching funds.

by the 1989 Legislature for salinity control. In the 1991 biennium appropriations bill, the legislature required that the \$150,000 appropriated for salinity control be re-presented to the legislature for its re-consideration and re-appropriation. The executive budget continues the salinity control program. The executive also recommends inclusion of the The executive recommends continuation of \$150,000 state special revenue appropriated following language, which was in the 1991 appropriations bill.

Item (saline seep control appropriation) must by used by the department to contract with landowners in cooperation with the Montana Salinity Control Association for salinity control programs that provide benefits to fish and be financed on a cost-share basis under guidelines developed by the department. The guidelines must be consistent with the legislation establishing the funding wildlife habitats. Salinity control projects that involve privately-owned land must source and comply with federal funding guidelines.

Regional Support

The executive recommends a \$75,000 state special revenue increase for regional office support. The department has completed five of eight regional headquarters over the past five years. The sixth office, in Miles City, will be completed in the near future. \$75,000 will be used for:

landscaping care and maintenance on grounds at regional headquarters; clearing of snow and ice from sidewalks;

maintenance of facilities, painting, repairs, etc.;

security protection of regional facilities;

addition of temporary staff at peak licensing times; and

group tours at regional headquarters.

Geographic Information System
The executive recommends \$50,000 in FY92 and \$40,000 in FY93 of state special

1. develop an automated resource inventory for department land;

planning, development, and management of department lands; complete a pilot project(s), within the context of other current projects, to evaluate GIS acquire the computer technology to analyze and interpret the inventory to facilitate

application to wildlife research and management problems; and

4. establish a GIS planning team to evaluate options for expanded GIS capability, especially for the purposes of developing species management plans, river corridor plans, state recreation area plans, and automated interfacing with the planning process of other

Appropriation Language

The executive recommends the following language which is similar to that contained in the 1991 appropriations bill.

wildlife, parks, or conservation education divisions, it may increase its state special revenue appropriation and decrease its federal revenue If the department receives private funds for costs of the fisheries, appropriation by like amounts.

special revenue to its federal special revenue fund to provide adequate cash flow for federal programs that reimburse the department after The department is authorized to make a permanent loan from its state expenditures are incurred and paid. The appropriation for the legislative contract authority in items subject to the following provisions:

legislative contract authority applies only to federal and private

(2) legislative contract authority expenditures must be reported on state accounting records. The records must be separate from current level operations.

(3) A report must be submitted by the department to the Legislative Fiscal Analyst and the Office of Budget and Program Planning following the end of each fiscal year of the biennium. The report must include a listing of projects with the related amount of expenditures for

Recommended	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr R	scal 1992	Base	Fiscal 1993 Incr/Decr	
Full Time Equivalent Employees	323.07	349,40	178.57	13.50	192.07	178.57	13.50	192.07
Personal Services Operating Expenses Equipment Grants Benefits and Claims Transfers Total Agency Costs	7,992,024,99 9,134,892.52 404,569.52 8,412,414,12 6,147,358.10 0.00 \$32,091,259,25	10,670,656 17,011,143 331,149 11,552,769 9,847,521 20,000 \$49,433,238	5,251,516 4,297,297 16,035 7,031,612 6,053,709 0	445.768 560,655 326,879 1,634,000 453,540 0 83,420,842	5.697,284 4,857,952 342,914 8,665,612 6,507,249	5,248,081 4,309,850 16,035 7,031,612 6,053,709 0	444,168 \$27,555 34,632 2,642,000 450,909 0	5,692,249 4,837,405 50,667 9,673,612 6,504,618 0
General Fund State Special Revenue Fund Federal Special Revenue Fund Proprietary, Fund Total Funding Costs	3,522,185,91 5,482,692.13 22,137,492.65 948,888.56 \$32,091,259,25	4,020,154 10,440,592 33,884,913 1,087,579 849,433,238	2,896,234 1,266,019 17,526,162 961,754 \$22,650,169	1,078 219,498 3,191,208 9,058 \$3,420,842	2,897,312 1,485,517 20,717,370 970,812 \$26,071,011	2,900,086 1,265,065 17,530,255 963,881 \$22,659,287	46,065 139,875 3,903,912 9,412 \$4,099,264	2,946,151 1,404,940 21,434,167 973,293 \$26,758,551
Director's Office Central Services Environmental Sciences Solid/Hazardous Waste Water Quality Health Services/Medical Fac Family/Maternal & Child Health Preventive Health Licensing And Certification Petro Tank Release Comp Board Total Program Costs	509,419.40 2,426,607.56 3,011,420.27 4,248,776.81 2,458,715.99 797,570.64 14,686,077.63 2,037,596.63 1,037,798.81 832,091,259.25	920,254 2,537,730 3,725,278 10,294,492 3,991,404 942,821 18,082,658 2,719,023 1,819,578 4,400,000	459,770 2,363,265 833,770 0 0 861,873 14,730,459 1,786,049 1,614,983 1,614,983	227,401 104,634 112,349 0 -79,920 2,589,111 -161,339 628,606 628,606	687,171 2,467,899 946,119 0 0 781,953 17,319,570 1,624,710 2,243,589 2,243,589	459,787 2,358,379 834,797 0 0 863,474 14,730,160 1,794,468 1,618,222 1,618,222 1,618,222	228,429 26,193 112,428 0 -80,068 3,394,297 -161,046 579,031 0 84,099,264	688,216 2,384,572 947,225 0 0 783,406 18,124,457 1,633,422 2,197,253 0 0 \$26,758,551

The proposed Department of Public Health (currently the Department of Health and Environmental Sciences) would be established to protect and promote the health of the citizens of Montana through the implementation of beneficial public health programs and the enforcement of public health laws. It is the responsibility of the department to: administer the comprehensive state health plan in cooperation with all public and private entities that have an interest in public health problems and needs; survey general health conditions in the state and take action or make recommendations to remedy adverse health conditions; at the request of the Governor, administer any federal health program delegated to states; conduct inspections and certify compliance with applicable state and

federal health and consumer safety requirements for facilities, establishments, and enterprises; conduct health education programs; operate the state laboratory facility; maintain statistics on births, deaths, and epidemiological data; and provide consultation on health-related matters to other state agencies, local governments, and other public health entities.

The budget of the proposed Department of Public Health would be organized into seven programs, two providing support and ancillary services and five representing functions of the Health Services Division. The Director's Office provides management, legal, and personnel services. Centralized Services provides administrative support, statistical functions, and laboratory services. Occupational & Consumer Safety (currently

Environmental Sciences) is composed of budgets for the Occupational Health and Food and Consumer Safety Bureaus. Health Services/Medical Facilities includes budgets for administration of the Health Division, Health Planning, and Emergency Medical Services Bureau. The remaining three programs reflect the budgets for the Family/Maternal & Child Health Bureau, the Preventive Health Bureau, and the Licensing & Certification Bureau, respectively.

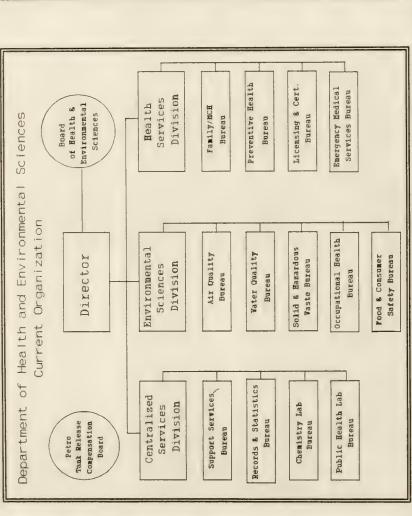
Budget Issues

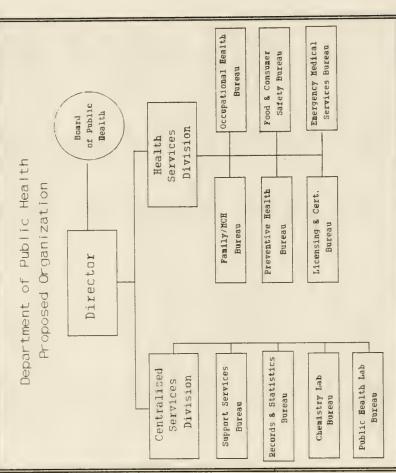
Interagency Reorganization

The administration is proposing a major reorganization of the functions of the Departments of Health & Environmental Sciences (DHES), Natural Resources and Conservation (DNRC), and State Lands. The objective of the proposed reorganization is to strengthen accountability, eliminate conflicts of interest, enhance program effectiveness, and improve the efficiency of state government. DHES would become the Department

priority they deserve. The proposed reorganization would elevate the priority of public health issues by creating a cabinet-level agency devoted exclusively to public health. of Public Health by transferring its current responsibilities for environmental regulation to DNRC, which would become the Department of Natural Resources and Environment. The proposed reorganization would focus the department on traditional matters of public DHES includes these traditional public health functions as well as the complex and highly technical area of environmental regulation. The administration is concerned that the scope of the DHES mission is too broad for the traditional public health functions to receive the health and safety involving medical care and services, health surveillance, education occupational health, consumer safety, and facility certification. The current mission of

As depicted in the organization charts below, the Environmental Sciences Division would be transferred from DHES except for the Occupational Health and Food and Consumer





Safety Bureaus. The Air Quality, Solid and Hazardous Waste, and Water Quality Bureaus would be transferred from DHES to DNRC. The Occupational Health and Food and Consumer Safety Bureaus would be under the management of the Health Services Division and budgeted as the Occupational and Consumer Safety program. The Petroleum Tank Release Compensation Board, administratively attached to DHES, would be administratively attached to the Department of Natural Resources and the Environment.

In addition, the proposed Department of Public Health would transfer 5.00 FTE current level and 3.00 FTE modified level in support service functions and approximately \$200,000 per fiscal year in budget authority to the proposed Department of Natural Resources and the Environment. The 3.00 FTE modified level represent the continuation of budget amendments approved in the 1991 biennium.

Health Services Reorganization

To provide for increased efficiency, better utilization of staff resources, enhanced access to technical medical advice and consultation, and improved coordination of health planning efforts, the department has reorganized some of the functions within the Health Services Division. The reorganization will save 1.50 FTE and approximately \$200,000 in general fund over the biennium. Changes include:

- o Creation of a Medical/Dental Advisory Unit in the Director's Office
- HB37 removed the statutory requirement that the director possess a medical degree. To provide the director and the department with technical advice on medical issues, a two-person Medical/Dental Advisory Unit, attached to the Director's Office, has been created. The advisory unit was created by transferring the Dental Program from the Preventive Health Bureau, plus 1.00 FTE and approximately \$60,000 in general fund authority per fiscal year from the Health Planning Bureau, and approximately \$20,000 from the MCH block grant budgeted in the Preventive Health Bureau.
- o Consolidation of the Health Planning Bureau with Division Administration Due to a reduced emphasis on the certificate of need process, the department has determined that the Health Planning Bureau should be consolidated within the division

administrator's office and should be reduced in size from 4.75 FTE to 2.25 FTE.

o Reclassification of Two Bureau Chief Positions

The Preventive Health and Family/Maternal and Child Health Bureau chief positions have been reclassified to change the requirement of a medical degree and place greater emphasis on management skills. With the creation of the Medical/Dental Advisory Unit, it is no longer necessary to duplicate medical expertise at the bureau level, permitting the bureaus to be administered by career managers. The reclassification saves approximately \$50,000 per year in federal Maternal/Child Health and Preventive Health block block grant funds.

o Transfer of Perinatal Program

The Perinatal Program has been transferred from the Preventive Health Bureau to the Family/Maternal and Child Health Bureau. The department determined that the Perinatal Program is more consistent with the mission of the Family/MCH Bureau and would improve management by consolidating a greater share of the federal MCH block grant funds in a single bureau.

Allocation of Federal Block Grant Funds

The executive budget reflects an allocation of the federal Maternal/Child Health (MCH) and Preventive Health (PHB) block grants that is consistent with the allocation made by the 51st Legislature, but for minor changes attributable to the Health Services Division reorganization. Table 1 compares the allocations made in the FY91 appropriation with the executive budget recommendation for FY92 and FY93. The executive budget proposes continuation of language which would appropriate MCH and PHB revenues received by the department in excess of regularly appropriated amounts. To the extent that MCH revenues exceed the appropriated amounts in FY92 and FY93, respectively, an appropriation would be made for grants to the counties. To the extent that PHB revenues exceed the appropriated amounts in FY92 and FY93, respectively, an appropriation would be made, at the discretion of the director, for specifically identified needs.

Legal Services Charges

The 51st Legislature expressed its intent that: "...beginning in the 1993 bicnnium the department's budget for legal services shall be funded from charges to the organizations using the legal services." (Office of the Legislative Fiscal Analyst's Appropriations Report for the 1991 Biennium)

In concurrence with the 51st Legislature's intent, the executive budget proposes to implement a proprietary funding mechanism for department legal services provided by the Director's Office. The base-level general fund and state special revenue appropriation of approximately \$140,000 would be replaced by an appropriation from a proprietary revenue account. Since the department does not have billing records to precisely project utilization of legal services by program, 60% of the base-level general fund would be budgeted in the Director's Office until more precise utilization patterns can be established. Once reliable utilization patterns can be determined, the Director's Office general fund appropriation would be distributed to specific program budgets. The remaining 40% of the legal services budget is assumed to be either funded within the proposed budgets of federally-funded programs or subject to reductions due to the reorganization of environmental programs.

Laboratory Services

The executive budget proposes to fund additional personnel and equipment purchases in the Chemistry and Public Health Labs, funded by lab fees charged to users of state lab services. The department has maintained adequate fund balances from existing lab fees to make the proposed equipment purchases in FY92 without a general fund loan.

The budget for the Chemistry Lab is increased by 1.00 FTE and approximately \$42,000 per fiscal year in response to increased demands for testing of public drinking water samples due to new federal regulations implementing the 1986 amendments to the Safe Drinking Water Act. In addition, the Chemistry Lab budget is increased by \$32,000 in FYY2 for the purchase of a new high pressure liquid chromatograph. The existing equipment, purchased in 1980, has had high repair costs and is not equipped for analysis of certain volatile organic contaminants which the Environmental Protection Agency will require be routinely tested by June of 1992. The increased costs would be supported primarily by the Public Drinking Water Program.

The budget for the Public Health Lab is increased by 1.00 FTE and approximately \$31,000 per year for newborn screening. The department is concerned that new stringent

department is required to screen for aminoacidopathies, such as PKU, as well as exposing the state to substantial monetary liabilities. In addition, the Public Health Lab budget is increased by approximately \$47,000 in FY92 for the purchase of a rapid flow analyzer to standards of quality assurance cannot be met with existing staff levels and that inability to meet these standards could endanger the lives of newborn infants for whom the augment the current testing methodology. The increased costs would be supported by an increase to the current fee, generally paid through health insurance coverage of maternity

Table I

Increased Federal Categorical Grants

The executive budget reflects increases for four federal categorical grants for which the department has received budget amendments in the 1991 biennium and projects current funding levels will continue in the 1993 biennium.

increased by approximately \$1.6 million and \$2.6 million in FY92 and FY93, respectively. participating program operators for the cost of meals provided to low income children, is The budget for the Child Nutrition Program, which provides reimbursements

for supplemental nutrition and counseling, is increased by approximately \$482,000 per year. The WIC program budget is also increased by \$202,000 in FY92 for the purchase The budget for Women, Infants, and Children Program (WIC), which provides lowincome pregnant, postpartum, and lactating women, infants, and children with assistance to recipients, and reducing payment errors. The U.S. Food and Nutritional Services has approved the department request for funding based on a feasibility study completed by DHES in 1989. of computer equipment for local WIC agencies. Automation will enable the department to decentralize certification and check issuance, improving productivity, speeding services

increased by 0.50 FTE and approximately \$41,000 per fiscal year. The budget for the Sexually Transmitted Diseases Program is increased by 1.50 FTE and approximately The budget for the Chronic Disease Prevention and Health Promotion Program is \$55,000 per fiscal year.

Community-Based Tuberculosis Care

medications while the Department of Public Health will provide medication for prophylactic therapy. The Department of Public Health will function as a secondary payor With the proposed closure of the state facility at Galen, the budget for the Communicable Diseases Program is increased by \$150,000 in general fund authority for the biennium. community, either in the home under the supervision of a county health nurse or in a local hospital. The Department of Institutions will continue to purchase and dispense treatment to any other liable payors for tuberculosis treatment services. Cost recoveries would be This funding level will enable the department to provide care for TB patients in the local deposited to the general fund. The cost of tuberculosis treatment is expected to vary widely from year to year due to fluctuations in the number of patients, level of care required, and cost recoveries from third party payors. Therefore, the executive budget proposes a biennial appropriation. The executive budget also proposes language which would reserve a minimum of 90% of the appropriation for direct care services. The remaining 10% would be available for purposes other than direct care, such as training and equipment.

	FY93	Proposed		\$ 93,632	31,719	236,441	29,000	846,407	672,316	127,142	000,59	15,260	\$ 2,116,917		\$ 66,837	13,668	186,888	203,865	8,739	89,768	61,488	11,968		\$ 0.77,771
k Grants	FY92	Proposed		\$ 93,087	31,579	236,519	29,000	845,468	672,316	127,231	65,000	15,278	\$ 2,115,478		\$ 66,837	13,678	185,779	203,878	8,576	180,69	61,148	11,968	20000	\$ 620,945
Allocation Of Federal Block Grants	FY91	Appropriation	O Carrier	\$ 73,702	29,981	240,200	29,000	836,639	672,316	154,965	65,000		\$ 2,101,803		\$. 66,837	13,325	181,610	202,079	0	68,052	53,900	11,968	1000	\$ 597,771
Allocati		Appro Maternal/Child Health Block Grant		Med/Dent Advisory Unit	Health Services Admin	Fam/Mch Bureau Admin	Family Planning	Handicapped Children	County Allocation	Perinatal Program	Low Birthweight Prev.	PHB Administration	TOTAL	Prev. Health Block Grant	Public Health Lab	Health Services Admin	Emergency Medical Serv.	Family Planning	Perinatal Program	PFIB Admin	Health Education	Rape Crisis	I & BOE	IOIAL

Asbestos Control

projects. The program was intended to be self-supported by permitting and certification fees. The program is currently appropriated from the hazardous waste/CERCLA account, in order to provide stable funding for the program during startup. Asbestos control permitting and certification fees are deposited to the hazardous waste/CERCLA account. SB270, passed by the 51st Legislature, gave the department responsibility for accreditation of asbestos removal contractors plus permitting and inspection of asbestos removal which primarily consists of interest revenues from the Resource Indemnity Trust Fund,

this arrangement causes, the consolidated Licensing and Certification Program is more efficient and saves both state and federal dollars.

The department request to the 51st Legislature was based on the best available estimate of the number of asbestos control operators and projects. Since the program began full operation on January 1, 1990, the department has determined that the annual workload will greatly exceed the initial estimates provided to the legislature. The budget reflects an increase of 1,00 FTE and approximately \$94,000 in state special revenue authority. The department also has determined that the permitting and certification fees will be sufficiently stable to fund the program through a separate state special revenue account

Nursing Facility Certification

The federal Omnibus Budget Reconciliation Act of 1987 requires extensive changes in state certification of nursing facilities and home health agencies. The Health Care Financing Administration (HCFA) has recently published regulations detailing these requirements. In order to meet these requirements, to assure the quality of care and services provided to nursing facility and home health patients, and to maintain the availability of federal Medicare and Medicaid reimbursements on behalf of eligible recipients, the executive budget reflects a major increase in the budget for the Licensing and Certification Bureau. The executive budget proposes to increase the Licensing and Certification budget by 15.00 FTE, approximately \$120,000 in general fund, and \$1.6 million in federal fund authority over the biennium.

Under the new federal requirements, the department will be responsible for implementation of: a new certification process with more stringent quality of carc standards involving complex survey tasks for quality assurance and utilization review; an appeals process for resident transfers; new intermediate-level sanctions for noncompliance with federal standards, an incentive system for exemplary facilities; training and competency testing standards for nurse aides; a registry of certified nurse aides; procedures and systems for investigating complaints; and a new survey process for home health agencies.

The modified level increases discussed above are offset by a reduction in the current level budget of approximately \$65,000 in general fund, and \$455,000 in federal fund authority over the biennium. The reduction is due to a recent determination by HCFA that the costs of nurse aide testing will be paid by nursing facilities and passed directly through to the Medicaid and Medicare programs rather than being paid for by the survey agency.

The Licensing and Certification Bureau operates a consolidated program for three activities: state licensure, Medicaid certifications, and Medicare certifications. The state licensure program inspects facilities for compliance with state law and is funded 100% from general fund revenues. Medicaid certifications are conducted for nursing facilities and intermediate care facilities for the mentally retarded that are eligible for Medicaid reimbursements and are paid for by federal Medicaid gants matched by state general funds. Medicare certifications are conducted for nursing facilities, hospitals, home health agencies, and clinical labs eligible for Medicare reimbursements and are paid 100% by federal Medicaic grants. These three sets of activities are not identical but there is a substantial overlap, primarily for nursing facilities which are licensed under state law and are certified for both Medicaid and Medicare reimbursements. When a facility is inspected concurrently for state lecasure, Medicaid, and Medicare certifications, the costs are shared equally. However, many tasks conducted by the bureau are attributable to only one or two of these activities. Adding to the complexity is the fact that the match rate for Medicaid grants changes from FY90 through FY93. Despite the budgetary perplexities

The interrelationship of these three activities is important to note when considering the changes in the mix of funding from FY90 through FY93. For example, the mix of funding in FY90 and FY91 will reflect a shift from general fund to tederal funds. After FY91, the mix of funding shifts progressively from federal to general fund. The shift is due to changes in the Medicaid match rate. In FY90 and preceding years, the federal match rate for Medicaid certifications was approximately 75%. Beginning in FY91, the federal match rate for Medicaid certifications is 90% and decreases by five percentage points per year. Therefore, although current level funding in the executive budget shifts marginally from federal to general fund, the current level budget assumes a relatively constant level of effort for each of the three activities.

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	scal 1992	Base	Fiscal 1993 Incr/Decr	iscal 1993 Incr/Decr Recommended
Full Time Equivalent Employees	1,933.83	1,933.83	1,984.32	-2.50	1,981.82	1,984.32	-2.50	1,981.82
Personal Services Operating Expenses Equipment Capital Outlay Local Assistance Grants Transfers Debt Service Total Agency Costs	54,811,194.57 188,793,280.26 6,500,547.80 3,456,888.49 0.00 14,225,753.01 43,451,267.30 13,961.75	58,953,679 184,212,169 6,429,754 7,376,590 0 14,230,000 30,881,195 49,269 \$302,132,656	61,687,772 171,132,093 6,312,007 7,296,590 243,000 15,999,684 36,313,470 49,269	284,977 50,197,166 414,371 -4,120,690 1,395,000 -3,244,013 6	61,972,749 221,329,259 6,726,378 3,175,900 243,000 17,394,684 33,069,457 49,269	61,724,871 171,352,853 6,312,007 7,296,590 243,000 15,999,684 36,313,470 49,269 \$299,291,744	216,075 17,773,940 67,923 -4,220,690 0-905,000 -10,237,855 \$2,694,393	61,940,946 189,126,793 6,379,930 3,075,900 243,000 15,094,684 26,075,615 49,269 \$301,986,137
General Fund State Special Revenue Fund Federal Special Revenue Fund Proprietary Fund Total Funding Costs	0.00 200,032,523.97 97,097,925.31 14,122,443.90 \$311,252,893.18	0 199,938,374 87,371,142 14,823,140 \$302,132,656	535,974 186,506,139 97,549,663 14,442,109 \$299,033,885	53,732 9,076,525 35,800,056 -3,502 \$44,926,811	589,706 195,582,664 133,349,719 14,438,607 \$343,960,696	535,884 186,617,703 97,572,192 14,565,965 \$299,291,744	-126,122 -18,424,672 21,543,807 -298,620 \$2,694,393	409,762 168,193,031 119,115,999 14,267,345 \$301,986,137
General Operations Construction Maintenance State Motor Pool Equipment Motor Fuels Interfund Transfers Stores Inventory G.V.W. Aeronautics Transportation Total Program Costs	21,722,478.17 170,896,276.13 44,480,936.42 1,017,227.25 13,105,216.65 0.00 43,451,267.30 13,209,039.41 3,370,451.85 0.00 0.00 0.00	22,428,009 169,345,706 46,669,303 1,027,166 13,795,974 0 30,881,195 14,182,670 3,802,633 0 0	22,585,626 157,972,969 46,970,149 1,043,573 13,345,139 689,791 36,303,470 12,862,201 3,843,869 1,009,582 2,407,516 \$299,033,885	612,609 41,715,414 1,912,828 -271,331 239,097 -16,587 -3,244,013 2,251,844 2,244,013 2,251,844 2,244,013 1,438,948 3,508 1,438,948	23,198,235 199,688,383 48,882,977 772,242 13,584,236 673,204 33,059,457 15,114,045 4,128,363 1,013,090 3,846,464 \$343,960,696	22,608,529 157,993,400 46,948,572 1,051,525 13,461,200 686,514 36,303,470 12,978,777 3,845,055 1,009,329 2,405,373	293,579 9,705,182 2,110,668 -424,643 114,458 -16,556 -10,237,855 2,107,253 97,394 -14,212 -1,040,875 \$2,694,393	22,902,108 167,698,582 49,059,584 626,882 13,575,658 669,958 26,065,615 15,086,030 3,942,449 995,117 1,364,498 \$301,986,137

The expressed goals of the proposed Department of Transportation are as follows:

1. To improve Montana's multi-modal transportation planning by consolidating into a single agency all those transportation-related functions that include planning, development, and safety for the purpose of offering a unified vision of Montana's transportation needs.

- 2. To ensure that adequate, safe and efficient transportation facilities and services of all modes are available within the state to support and promote economic growth.
- 3. To enhance public service and convenience by providing 'one-stop shopping' for certain licenses, fees, and taxes relating to transportation.
- 4. To improve overall government efficiency and to reduce costs by streamlining services and eliminating duplicate efforts and programs.

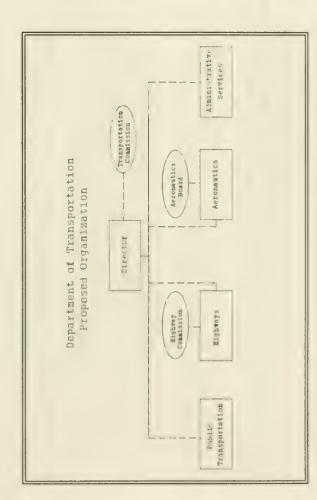
Budget Issues

Reorganizati

The proposed Department of Transportation is created by combining the Aeronautics Division and Transportation Division of the Department of Commerce, the Motor Fuel Tax Division of the Department of Revenue, and the Department of Highways into one department.

The Department of Transportation is recommended to operate under the auspice of a Transportation Commission, consisting of representatives from the current Highway Commission and Aeronautics Board plus other citizens appointed by the Governor. The Highway Commission and the Aeronautics Board also would continue to fulfill statutory responsibilities for their respective divisions of the Department of Transportation.

With the exception of various financial and administrative functions, the organization of programs and divisions transferred to the proposed Department of Transportation will remain unchanged. The financial and management services of the proposed Department of Transportation would be unified through the creation of an administrative services program. The following table represents the organization of the major components which will comprise the proposed Department of Transportation.



930,312 64,805 364,498 289,736,132 669,958 292,765,705 Recommend Department of Transportation FY92-93 Recommended Budget FTE Recommend 300,198,959 305,214,717 65,129 3,346,464 673,204 930,961 FY92-93 Recommended Budget 1933.83 1.39 13.00 Department of Transportation 1980,82 9.60 23,00 TABLE 1 West Yellowstone Airport Department of Highways Transportation Division Aeronautics Division Motor Fuel Tax

FY92-93 Base

The sources of the Department of Transportation FY92-93 recommended current level budget, excluding the recommended modification above base, are shown in Table 1 above:

Increases Above Base

Aeronautics

The Federal Aviation Administration (FAA) recently completed an inspection of the West Yellowstone Airport which found the airport runway needs restriping, a radio control lighting system needs to be added, and radio equipment should be upgraded. The FAA has directed that necessary improvements be completed by the end of FY92. The executive budget recommends \$17,000 of proprietary funds in FY92 for airport improvements.

Public Transportation

The executive budget recommends increased appropriation authority of \$500,000 in FY92 for Local Rail Service Assistance (LRSA) in various railroad construction and rehabilitation projects.

Highways

(a) Operations - There is 1.00 FTE computer programmer (grade 15) and \$105,128 in FY92 and \$30,061 in FY93 of highway state special revenue budgeted for organizational costs of the Department of Transportation such as moving, remodeling, and computer system conversion. The FTE offsets a 1.00 FTE reduction in the Department of Revenue made possible through efficiencies derived

public is demanding more road information during the winter and summer months. The federal government will fund approximately 87% of the equipment cost for road reporting addition, the executive budget includes \$30,614 in FY92 and \$31,494 in FY93 to expand the number of locations included in the road reporting system. The traveling equipment Construction - The executive budget adds \$6,932,298 in FY92 and \$6,946,998 in FY93 to design future road construction and maintenance projects. The federal government will fund approximately 78% of the cost for consultant engineering with the remaining 22% funded by highway special revenue funds.

highway state special revenue. Due to pending federal legislation for federally-funded road construction programs, the proposed increase above base is subject to There is an increase of \$29,577,154 in FY92 and \$808,214 in FY93 over the base for contractor payments, utility relocation, land acquisition, and other costs associated with road construction. These additional construction cost are caused by increases in federal road construction funding of \$24,084,591 in FY92 and \$716,826 in FY93. The remaining \$5,492,563 in FY92 and \$91,388 in FY93 represent the matching change prior to and/or during the forthcoming legislative session.

- Maintenance The executive budget recommends \$1,109,800 of highway special revenue each year of the 1993 biennium to upgrade existing underground fuel storage tanks with cathodic protection and leak detection in accordance with requirements of new federal laws and regulations. (2)
- Program Development The executive budget proposes to award local communities grants to improve city parks located along the primary highways into Highway Rest Areas. The cost of the proposed grant program is \$200,000 of highway special revenue each year of the 1993 biennium. Ð
- Gross Vehicle Weight (GVW) The executive budget adds \$243,820 in FY92 and \$68,700 in FY93 of highway special revenue to automate weigh stations at various locations within the state. The computers will expedite the issuance of permits and tags, as well as enhance the enforcement of weight restrictions and regulations. In addition, the executive budget proposes an increase of \$30,165 in FY92 and \$25,165 in FY93 to provide G.V.W. officers training in computer operations and data processing, various aspects of law enforcement, identification of hazardous materials, and other job-related requirements. Ξ

Funding Currently the department policy is to aggressively pursue federal funds for road construction. The department will adopt as its policy the use of federal funds to replace, to the greatest extent possible, reconstruction trust funds. The objective is to save

Approximately 68% of the proposed Department of Transportation funding is derived from highway state special revenue. The remaining portions of funding are approximately 28% federal revenue and approximately 4% proprietary funds. Less than 1% of the

funding for the proposed Department of Transportation is general fund for transportation planning in the Public Transportation Division.

Table 2 shows the projected fund balance for the highway special revenue accounts. The FY92-93 columns use the recommended budget. Projected expenditures in FY94 and FY95 were increased approximately 2% for inflation with the following exceptions: (1) the Highway Division construction budget was determined by the anticipated work and construction program during FY94 and FY95, and (2) the expenditures for local government distributions, debt service, building payments, public transportation, longrange building plan, and Department of Fish, Wildlife and Parks remain unchanged.

The following language is recommended for inclusion in the general appropriations act:

This work plan must specify, by road system or project area, proposed projects with greater than \$1 million of The department is directed to submit to the 1993 Legislature a construction work plan for the years 1993 through 1997 that is detailed by yeur and project.

interfund transfers, and maintenance programs between fiscal years to reflect actual expenditures related to the construction work plan and maintenance The department may adjust appropriations and FTE in the construction,

The department may adjust appropriations in the construction program between fund types provided that the adjustment does not exceed 10% of the total appropriation established by the legislature for the construction program.

appropriation of state special revenue to match the federal funds shall constitute an emergency for purposes of a budget amendment in accordance with 17-7-In the event the department receives additional federal revenue which was unanticipated and unforeseen during the 1991 Legislative Session,

In the event that insurance proceeds received to repair damages exceed the amounts appropriated to the department, the additional funds are appropriated.

BEGINNING CASH BALANCE	PRC HIGHWAY STA FY90 actual 145,538,178	PROJECTED FUND BALANCE STATE SPECIAL REVENUE. Pryol approp recc approp 92,47	PROJECTED FUND BALANCE HIGHWAY STATE SPECIAL REVENUE ACCOUNTS FY91 actual approp recommend ,538,178 129,627,153 92,478,940	FY93 recommend 64,150,852	FY94 inflated 49,010,445	FY95 inflated 28,860,748
v.w. Fees: Jasoline Taxes Jesel Taxes Accounts Receivable: Fores Accounts Receivable: Accounts Receivable: Accounts Receivable: Account Tax Account Tax Account Tax Account Tax Account Fines) Account Fines	26,739,312 23,821,548 14,605,350 1144,456 3,925,574 3,925,574	24,042,000 82,702,000 25,140,000 1,250,000 14,873,441 6,343,000 710,000	25,530,575 82,632,000 25,876,000 1,130,000 15,114,045 5,012,000	25,530,575 82,594,000 26,811,000 1,250,000 1,810,000 4,830,000 0	25,530,575 82,594,000 26,819,000 15,387,751 4,830,000 15,411,326	25,530,575 82,594,000 26,819,000 1,250,000 15,695,506 4,830,000 156,719,081
on: rations ernment n Design: Construction:	6,075,639 14,003,748 5,028,133 29,316,277 41,025,782	6,308,987 14,003,750 5,583,488 34,465,574 41,224	7,000,955 14,150,000 7,597,178 34,795,090 27,887,974	6,755,871 14,150,000 7,638,035 31,559,989 12,339,282 49.059,240	6,890,988 14,003,750 4,600,534 28,007,307 50,040,425	7,028,808 14,003,750 4,650,559 29,460,824 20,003,331 51,041,233
pal Pymts on f T:	10,566,904 3,700,652 767,500 10,824,398 10,824,398	14,873 10,647,833 3,802,24 71,250 17,29,825,796 10,91,250 1,291,278	15,114,045 10,655,333 4,123,204 71,250 170,522,579 11,581,220	15,086,030 18,476,333 3,942,449 669,958 71,250 159,748,437 11,341,536	15,387,751 18,480,983 4,021 683,357 103,164,197 11,568,899 1,666,899	15,695,506 18,483,983 4,10,024 697,024 697,024 11,739,392 11,739,394 87,394 87,394
Highway Traffic Safety Subtotal: Other Agencies: Total Expenditures: Total Expenditures: Adjustements: India Balance:	60,950 11,343,290 179,258,950 (15,726,507) (18,518) 129,627,153	12,382,030 192,208,654 (37,148,213) 92,478,940	13,220,129 183,742,128 (28,328,088) 64,150,852	11,501,501,501,171,250,012 (15,140,407) 49,010,445	13,396,826 176,561,022 (20,149,697) 28,860,748	12,050,233 177,288,631 (20,569,551) 8,291,198

DEPARTMENT OF STATE LANDS

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	iscal 1993Incr/Decr Recommended
Full Time Equivalent Employees	335.32	342.27	339.69	8.40	348.09	339.69	13.18	352.87
Personal Services Operating Expenses Equipment Capital Outlay Local Assistance Grants Transfers Debt Service Total Agency Costs	8,515,657.59 7,156,252.92 879,257.13 5,420,152.61 0.00 265,000.00 0.00 6.00 \$222,236,320.25	9,272,942 8,999,637 626,270 5,452,000 0 265,000 0 53,905 \$24,669,754	9,481,376 4,430,507 590,709 351,000 95,000 451,089 132,000 214,094 \$15,745,775	186,405 1,268,011 796,665 8,256,925 0 0 0 6,419,591 \$16,927,597	9,667,781 5,698,518 1,387,374 8,607,925 95,000 451,089 132,000 6,633,685	9,477,399 4,441,827 590,709 351,000 95,000 451,089 132,000 214,094 815,753,118	300,471 -11,283 186,206 -40,000 0 0 6,491,381 \$6,926,775	9,777,870 4,430,544 776,915 311,000 95,000 451,089 132,000 6,705,475
General Fund State Special Revenue Fund Federal Special Revenue Fund Debt Service Fund Capital Projects Fund Proprietary Fund Total Funding Costs	8,833,993.92 3,910,929.70 9,256,266.08 0.00 235,130.55 \$22,236,320,25	8,237,726 6,771,598 9,441,691 0 34,200 184,539 \$24,669,754	8,685,685 6,044,961 799,020 0 216,109 \$15,745,775	-3,103,874 6,466,425 6,927,178 6,633,600 0 4,268 \$16,927,597	5,581,811 12,511,386 7,726,198 6,633,600 0 220,377 \$32,673,372	8,693,195 6,044,562 799,086 0 0 0 216,275 \$15,753,118	-3,562,630 3,946,729 -164,578 6,705,390 0 0 0 1,864 \$ \$6,926,77 \$	5,130,565 9,991,291 634,508 6,705,390 0 218,139 \$22,679,893
Central Management Reclamation Land Administration Conservation & Resource Dev. Water Projects Forestry Total Program Costs	1,901,373.02 9,893,368.63 856,247.88 0.00 0.00 9,585,330.72 \$22,236,320.25	1,956,025 12,187,927 1,004,639 0 0 9,521,163 \$24,669,754	1,982,881 0 1,020,291 1,643,496 1,135,311 9,963,796	646,161 0 221,612 3,736,985 12,223,531 99,288	2,629,042 0 1,241,903 5,380,481 13,358,862 10,063,084 \$32,673,372	1,983,879 0 1,020,233 1,644,815 1,137,018 9,967,173 \$15,753,118	178,016 0 255,497 3,808,928 2,590,205 94,129 \$6,926,775	2,161,895 0 1,275,730 5,453,743 3,727,223 10,061,302 \$22,679,893

Agency Description

The Department of State Lands (DSL) is provided for in Section 2-15-3201, MCA. The head of the department is the Board of Land Commissioners which consists of the instruction. The chief administrative officer of the department is the commissioner of state lands. The commissioner is responsible, under the direction of the board, for Governor, attorney general, secretary of state, state auditor, and superintendent of public administration of the functions vested by law in the department or delegated to the commissioner by the board. The proposed department is composed of five divisions: Lands, Forestry, Conservation and Resource Developement, Field Operations, and Central Management.

DSL proposed six basic functions are:

1. Management of the lands held by the State of Montana in trust for the support of the common schools and other institutions;

Management of state-owned water projects,

Fire prevention and suppression on certain private, state, and federal lands;

Regulation of and assistance to private forest land owners; 26.4%

Supervision, assistance, funding, and coordination to local conservation and grazing districts in their stewardship of soil and water resources to sustain agriculture; and

Technical and financial assistance for development of water and other renewable resource projects.

Reorganization

The executive recommends reorganizing the Departments of Natural Resources and Conservation, Health and Environmental Sciences, and State Lands. The organization chart below shows the Department State Lands before reorganization and the chart at the right details the proposed organization.

and Parks is the management responsibility for 19 DFWP state-owned dams (please refer to the FWP budget issue below). Transferred from the Department of State Lands to and the Water Engineering Bureau are transferred to DSL from the Department of Natural Resources and Conservation. Transferred to DSL from the Department of Fish, Wildlife, As the organization charts show, the Conservation and Resource Development Division DNRE is the Reclamation Division which includes the Hard Rock, Coal and Uranium, Open Cut, and Abandoned Mines Bureaus. The proposed reorganization will centralize state-owned resource management functions in the Department of State Lands and resource regulations in the DNRE. This movement will virtually eliminate any potential conflict-of-interest concerns regarding agencies reorganization also centralizes the management and maintenance of all state-owned dams. having both management and regulatory control over certain state-owned resources.

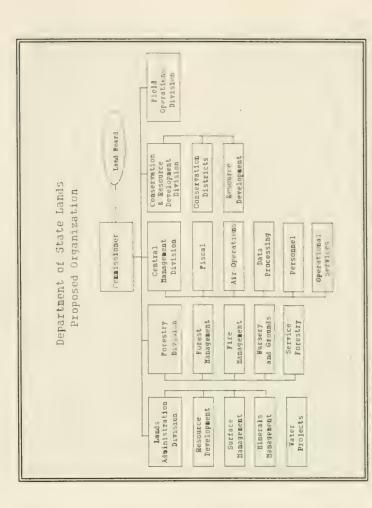
Operations Southwestern Land Office Borthwestern Contral Bortheastern Land office Land office Field Reclamation Pentut Eining Furesu Division oul & Uranium Abrast rand Else Kard Rock Porena Ferreso Bureau Department of State Lands 'urrent or parisation Data frecessing SALISSICHER Alt perations Central Division Land Board Perronael Piscal Bareau Burens Pereso Posteria. Service Priestry Buress Corest Echagement Bureau Fire Dansgement Bureau Division Forestry spans. Pag and Staff s Atmini, triff n Resource Development Division Minerels dan Staffece Ban Linis Rozest Brotone

The executive recommends \$165,274 in one-time reorganization costs and \$96,400 per year in continuing costs.

Trust Interest Financing Trust Land Management

The executive budget replaces general fund with trust interest for all department functions related to the management of trust lands. In the executive budget, \$3,388,841 in FY92 and \$3,391,129 in FY93 of trust interest replaces general fund.

income because it is customary for governmental and private trusts to finance management of these trusts with a portion of the earnings generated. Ten other western states, which have similar federally-provided school land trusts, use trust revenues to finance trust The executive budget recommends financing trust land management activities with trust management activities.



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The executive recommends enactment of a state water storage act based on the work of the State Water Plan Advisory Council, which drafted the State Water Storage Plan. The act would:

clarify state water storage policy and the role of storage in solving water problems;
 establish guidelines for setting priorities among new storage and rehabilitation storage

projects;
3. require a study of the feasibility of assessing recreational users fees to repay water

storage project costs;

4. require a study of water storage laws and regulations by the water policy committee;

5. create a water storage special revenue account;

6. allocate 25% of RIT revenues to the water storage account, beginning in FY94, after

6. allocate 25% of RIT revenues to the water storage account, beginning in FY94, after the trust account reaches \$100 million pursuant to 15-38-202, MCA; and

7. allocate 25% of the money available as grants in the water development and renewable resource state special revenue accounts to the water storage account.

For the 1993 biennium the new water storage account would receive approximately \$600,000 from the water development and renewable resource accounts. The purpose of the water storage account is to provide loans and grants exclusively for water storage projects, including the purchase or lease of property; planning, feasibility, and design studies; and other costs related to construction, rehabilitation, expansion, and modification of water storage projects.

Department of Fish, Wildlife, and Parks Dams

The executive recommends 1.00 FTE and \$34,000 per year for administration of Department of Fish, Wildlife, and Parks (DFWP) dams, which are transferred to DSL in the reorganization plan. DFWP owns 19 dams throughout the state and some are high-hazard dams. Currently, DFWP does not have a full-time position to manage the maintenance of these dams but utilizes fractions of staff from several different programs.

The \$34,000 per year of general hunting and fishing license revenue for administration of DFWP dams is transferred to the water development account, which finances the administration of all state-owned dams within the DSL.

Rehabilitation of Water Projects

The Department of State Lands is responsible for 23 state-owned water storage projects. Many of the projects need substantial repair and rehabilitation in order to eliminate the hazard they present to downstream residents and property and to reduce the state liability exposure. The executive budget includes the items summarized below.

1. There is \$800,000 of water development state special revenue for the biennium to support pre-construction activities--feasibility studies, final design, and development of plans and specifications--and construction activities. The 1989 Legislature appropriated a like amount.

2. Smith River water users association loan is budgeted at \$1.6 million of federal funds. The loan will be used by Smith River water users to rehabilitate the existing North Fork of the Smith River water project. The project spillway is seriously undersized, and high seepage downstream of the dam has raised serious stability concerns. The project has been declared unsafe by the Corps of Engineers. The community of White Sulphur lies immediately downstream of the dam. Most of the project costs will be repaid by water

3. In the 1991 biennium the legislature appropriated funds for Middle Creek Dam to

complete a rehabilitation study and to begin construction. In order to complete construction during the 1993 biennium, the executive budget includes \$3,896,925, composed of a U.S. Bureau of Reclamation loan of \$3,121,925 and a federal grant of \$775,000.

4. Tongue River Dam coal severance tax bond authority is recommended for reauthorization. Under the National Dam Safety Program, the U.S. Army Corps of Engineers has classified the Tongue River Dam as an unsafe, high-hazard structure. The project was given this classification due to inadequate spillway capacity and the fact that it would likely fail in even a moderately large flood. As a high-hazard facility, the potential exists for loss of human life and considerable property damage if the dam failed. The executive budget includes \$1,600,000 federal funds and \$400,000 from the proceeds of a bond sale to begin the preconstruction activities and design of the dam rehabilitation.

Privatizing State Water Projects

Language and legislation is recommended which will give the department the capability and water users the incentive to proceed with privatizing existing, active state-owned irrigation projects and disposing of inactive projects.

Feasibility Analysis on Hydroelectric Projects

Language is recommended that deems the emergency criteria for approval of budget amendments are met if the department receives a request from private industry to do a feasibility analysis on hydroelectric projects proposed to be built o-1 state-owned water facilities. Because the department is unable to predict spending levels related to this activity, the budget amendment language is recommended.

Broadwater Dam

Language is recommended in the long range building bill which re-authorizes the department to expend remaining construction funds for completion of the Broadwater Dam. The department is not certain that all construction contracts will be completed in FY91. Therefore, to ensure that the department has proper authority to complete the project in the 1993 biennium, the appropriation language is recommended.

Water Development Lien Purchases

Language is recommended which deems the emergency criteria for approval of budget amendments are met if the department needs to purchase liens on loan collateral property in order for the department to better its financial position in the event a borrower should default on a water development loan. Legislation authorizing lien puchases was approved by the 1989 Legislature.

Rangeland Loans

Language is recommended which authorizes the department to loan up to \$700,000 for rangeland loans. This language has been included in past appropriations bills and is recommended for the 1993 biennium.

Grants to Conservation Districts

Language is recommended which appropriates all of the coal severance tax fund allocated to conservation districts. The amount of coal severance tax appropriated, in the appropriations bill, is an estimate of the funds which will be available. If revenues are greater than projected, this language permits the department to distribute the additional revenue. This language has been included in past appropriations bills and is recommended for the 1993 biennium.

Fire Service Training School

The executive recommends consolidating the Fire Services Training School with the Fire Management Bureau. The consolidation saves \$100,000 of general fund per year through:

1) management efficiencies; 2) elimination of duplications; and 3) utilization of \$58,500 per year of private landowner assessments for fire protection pursuant to 76-13-201 (2), MCA. Because urban development in forested areas creates fire protection problems associated with urban/wildland fire interface, there will be more adequate protection of Montana resources with consolidation of structural and wildland fire services.

Jelena Office Support Staff

The budget includes 2.00 FTE and \$49,972 in FY92 and \$49,867 in FY93 for additional Helena office support staff. Both positions were approved by budget amendment in FY90 and FY91. A 1.00 FTE clerical position is financed by trust interest and a 1.00 data processing position financed by reclamation and development revenue. In FY91 the data processing position was financed by federal reclamation revenue.

Helena Office Rent

The executive budget recommends \$82,992 per year composed of \$66,393 general fund and \$16,599 trust interest for renting additional private space for the Helena office. The department facilities on 11th Avenue are cramped and do not provide a good working environment. The department will lease an additional 14,000 square feet in the same building.

Trust Land Management

Public demand for a multitude of uses and the proper management of state school trust lands has increased in recent years. Increased management of trust lands can be expected to produce greater long-term revenues to the trusts. These new uses and management efforts have created needs for procedures updating, lease stipulations, follow-up field reviews, illegal land use investigations, and resource planning on grazing, agricultural, mineral, and special-use lands.

To address trust management needs, the executive budget includes: 1) 3.00 FTE land use specialists, to be phased in with 1.50 FTE in the FY92 recommendation, in Helena, Conrad, and Glasgow to properly coordinate management activities on a statewide level; 2) 2.00 FTE for 7.34 seasonal land use technicians to perform the required field evaluations on the majority of annual lease renewals; and 3) 1.75 FTE for additional clerical positions (0.25 FTE in central, 0.75 FTE in northeastern, 0.25 FTE in southern, and 0.50 FTE in eastern land offices). The program increase of \$159,456 in FY92 and \$201,644 in FY93 is financed by trust revenues.

Trust Lands Federal Farm Program

The department has become increasingly involved in the federal farm programs. The department administers over 600 Conservation Reserve Program contracts on approximately 135,000 acres which return \$1.3 million annually to the school trusts. Approximately 95% of all state leases are enrolled in the annual Price Support and Production Adjustment Programs, which have the potential to return an additional \$1 to \$5 million annually. To coordinate the department land management activities with the federal programs the executive budget includes 3.00 FTE agricultural land use specialists. The positions would be phased in during FY92; therefore, 2.00 FTE are included in the FY92 budget. The program increase of \$98,903 in FY92 and \$91,049 in FY93 is financed by trust revenues.

Royalty Auditor Travel Expense

Language in the 1991 biennium appropriations act made travel funding for the royalty auditor a one-time item which needs to restored in the 1993 biennium budget. The executive budget includes \$10,469 per year for the auditor's travel. The travel is financed by trust revenues.

Private Landowner Forest Fire Assessment

The department sets the private landowner forest fire assessment rates. In accordance with 76-13-201, MCA, the current rate structure allows for a minimum assessment of \$14.00 per owner per protection district or \$0.17 per acre. Under the present rate structure the private landowner proportion of the fire appropriation is less than one-third of the fire appropriation approved by the 1989 Legislature or recommended for FY92-93. One-third of the executive's recommended fire protection budget is approximately \$1,560,000 per year and the existing assessment rate structure earns approximately \$1,190,000 per year.

To increase the private landowner proportion of the fire appropriation to one-third of the fire protection budget, the executive recommends that the assessment fee structure be changed to establish a minimum acreage of 20 acres. Further, the assessment fee ceiling is to be increased from the minimum acreage fee of \$14.00 to a maximum of \$30. The per acre rate would increase from the current maximum of \$0.17 per acre to \$0.20 per

Under this proposed rate structure, one-third of the fire protection budget would be financed by assessment funds if the rates were established by the department at \$19 to \$20 for up to 20 acres and the per acre rate for larger tracts were to remain at \$0.17 per

State-County Cooperative Fire Protection Agreement

Currently the department has entered into cooperative fire protection agreements with 49 counties through this program initiated by the 1967 Legislature. The executive budget contains funds to expand the program to allow Lake, Lincoln, and Sanders Counties to enter into cooperative fire control agreements. This will enable the state to provide fire training and equipment to these counties and the county, state, and federal agencies to provide mutual aid on an as-needed basis for fire suppression. The budget includes 0.50 FTE and \$65,000 general fund in FY92 and 1.08 FTE and \$65,000 general fund in FY93 for the additional cooperative fire agreements. Equal or greater general fund savings are projected in fire suppression costs.

Forestry Road Maintenance

The department, over the years, has constructed hundreds of miles of roads on state-owned forest lands. The majority of these roads are intended to function as a permanent transportation system, which results in lower development costs and higher stumpage values on future timber sales. However, periodic maintenance must be done on these roads in order to protect their investment value and prevent adverse environmental impacts. To maintain state forest roads, the executive budget includes \$45,000 per year and recommends establishing a road maintenance state special revenue account to be funded through a \$1.00 per 1000 board foot charge on timber cut from state trust land.

Forest Fire Block 5

The executive budget recommends the assumption of the final forest fire protection block with 1.75 FTE each year at a cost of \$44,300 per year composed of \$29,533 general fund and \$14,767 of private landowner assessment state special revenue. The department provides direct wildland fire protection to 4.9 million acres of state and private forest.

U.S. Forest Service (USFS), In turn, the state protected 280,000 acres inside USFS fire protection districts. This created an imbalance of 1.92 million acres. The USFS, in 1984, have resulted in a substantial increase of general fund payments. The USFS agreed to forestall action on recovering its full protection costs if the state adhered to a timetable to zero out the protection acreage imbalance. The assumption of Block 5 will complete Prior to 1984, approximately 2.2 million acres of this protection was contracted to the requested full reimbursement of its protection costs for the 2.2 million acres, which would he process of zeroing out the acreage imbalance.

Phillipsburg Forest Fire Protection District

creation of the Phillipsburg Forest Fire Protection District. The Board of Land Commissioners created the Phillipsburg district in FY91 after at least 51% of the landowners, representing a least 51% of the acreage, signed petitions requesting the district. Under current law the board and DSL must respond to valid landowner petitions The executive budget includes 0.90 FTE and \$58,979 in FY 92 and \$61,211 in FY93 (2/3 general fund and 1/3 private landowner assessment state special revenue) to address the for creation of fire protection districts.

Best Management Practices

\$18,300 federal revenue) to service an accelerating caseload in the forest practices program. This program helps loggers and forest landowners avoid impacts on water The executive budget includes 1.00 FTE and \$24,400 per year (\$6,100 general fund and quality by using best management practices.

Forestry Capital Equipment

instructed the department to conduct a study of capital equipment and, in response, the department developed seven classes of vehicles with a replacement schedule for each additional \$180,500 per year (\$95,063 general fund, \$42,117 private landowner assessment, and \$43,320 trust revenue) for replacing forestry vehicles. replace equipment which is obsolete or beyond economical repair. The 1989 Legislature based on age and milage. Only 6% of the vehicles are used primarily for highway transportation; the other 94% are used on unpaved mountain and rural roads and off-road. A conservative ten-year schedule would require a minimum of \$361,000 each year to replace the aged, unsafe fleet. Due to revenue shortfall, the executive budget includes an Over the past few biennia the forestry equipment budget has been insufficient to annually

Trust Lands Access EIS

The Board of Land Commissioners determined that an EIS is necessary before decisions environmental impacts of providing the public with recreational access to trust lands. The executive budget includes a \$300,000 general fund biennial appropriation for the EIS. are made on public access to trust lands. The EIS will assess the social, economic, and

Forestry Special Revenue Accounts Appropriation Language
The executive recommends appropriation language which deems the emergency criteria for approval of budget amendments are met if the Forestry Division workload increases and/or the state special revenue accounts earn more revenue during the biennium than is appropriated. The state special revenue accounts are: 1) nursery funds; 2) timber stand improvement funds; 3) slash disposal funds; and 4) brush removal funds.

DEPARTMENT OF LIVESTOCK

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr F	scal 1992 Incr/Decr Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	116.71	118.71	118.71	5.00	123.71	116.71	5.00	121.71
Personal Services	3,223,682.44	3,492,762	3,457,593	129,356	3,586,949	3,420,501	128,995	3,549,496
Operating Expenses Equipment	1,077,598.50	1,267,216	1,272,531	177,801	1,450,332	1,208,187	71,638	147,241
Total Agency Costs	\$4,489,163.69	\$4,940,130	\$4,886,876	\$295,394	\$5,182,270	\$4,785,440	\$191,122	\$4,976,562
General Fund	756,212.50	865,453	858,579	56,352	914,931	858,814	54,041	912,855
State Special Revenue Fund	3,479,400.36	3,797,750	3,740,417	158,392	3,898,809	3,638,904	58,490	3,697,394
Federal Special Revenue Fund	253,550.83	276,927	287,880	80,650	368,530	287,722	78,591	366,313
Total Funding Costs	\$4,489,163.69	\$4,940,130	\$4,886,876	\$295,394	\$5,182,270	\$4,785,440	\$191,122	\$4,976,562
Centralized Services	453,589.86	457,806	482,952	-6,554	476,398	484,077	-7,644	476,433
Diagnostic Laboratory	737,777.96	791,067	773,454	20,711	794,165	. 773,103	21,137	794,240
Disease Control	440,500.78	523,756	502,519	-5,265	497,254	502,869	-4,610	498,259
Milk & Egg	213,197.02	221,048	205,977	10,565	216,542	206,291	10,337	216,628
Inspection & Control	1,977,017.54	2,158,969	2,122,106	44,593	2,166,699	2,018,637	47,451	2,066,088
Predatory Animal Control	238,798.04	273,487	264,346	112,185	376,531	265,250	9,393	274,643
Rabies Control	16,420.22	56,930	56,939	-41,939	15,000	56,944	-41,944	15,000
Meat & Poultry Inspection	411,862.27	457,067	478,583	161,098	639,681	478,269	157,002	635,271
Total Program Costs	\$4,489,163.69	\$4,940,130	\$4,886,876	\$295,394	\$5,182,270	\$4,785,440	\$191,122	\$4,976,562

Agency Description

The Department of Livestock was created to: 1) control and eradicate animal diseases; 2) prevent transmission of animal diseases to humans; and 3) protect the livestock industry from theft and predatory animals.

appoints an executive secretary who administers the day-to-day operations of the department. The department is organized into five divisions: 1) Animal Health; 2) Centralized Services; 3) Brands Enforcement; 4) Diagnostic Laboratory; and 5) Meat-Milk The department is managed by the seven member Board of Livestock. The board & Egg Inspection.

Budget Issues

Brand Rerecord

Every ten years all Montana-registered brands are rerecorded and calendar year 1991 is when brand owners have to rerecord brands. To process brand rerecord requests, the FY92 budget includes 2.00 FTE and \$106,345 in state special revenue. The brand rerecord will be completed in FY92.

Meat and Poultry Inspection Program Expansion

To keep pace with the growing number of meat facilities applying to the state under the state meat and poultry inspection program, the budget increases by 4.00 FTE and \$337,137 in the 1993 biennium. The \$337,137 is funded 50/50, general fund/federal revenue.

Helicopter Engine Overhaul

The FY92 base includes \$120,000 in state special revenue for a necessary overhaul of the department helicopter engine.

Rabies Control Program

General tund support for the Rabies Control Program has been eliminated. It is recommended that minimal rabies control activities be continued within the Animal Health Division and the \$15,000 per year provided by the Department of Fish, Wildlife, and Parks be continued for rabies control activities. The general fund reduction is \$83,883 for the 1993 biennium.

Livestock Workload Increase The executive budget recommends 1.00 FTE and \$55,000 per year increase in the livestock inspection and control program. Over the last six years the department has made severe reductions in the program personnel, a 9.9 FTE reduction, and operating budgets due to sharp decreases in the number of cattle and, therefore, in the state special revenue available and required for program. Now that cattle numbers have increased and appear to have stabilized, the program will require an increase in personnel and operating expenses, primarily supplies, travel, and communications.

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr R	Incr/Decr Recommended	Base	- Fiscal 1993 - Incr/Decr	Recommended
Full Time Equivalent Employees	265.16	268.78	393.98	57.37	451.35	393.98	59.75	453.73
Personal Services Operating Expenses Equipment Capital Outlay Local Assistance Grants Benefits and Claims Transfers Debt Service Total Agency Costs	6,728,646.93 2,906,701.87 2,66,060.55 722,240.62 91,300.00 943,928.30 0.00 2,996,754.15 168,108.05 \$14,823,740.47	7,939,906 6,819,641 677,350 698,007 95,000 5,231,162 0 12,180,434 533,695,397	11,786,115 17,550,948 408,599 5,000,000 0 2,918,098 3,922,802 0 50,503 \$41,637,065	1,630,964 2,889,191 67,858 0 237,245 0 7,630 84,832,888	13,417,079 20,440,139 476,457 5,000,000 0 3,155,343 3,922,802 0 58,133	11,772,637 17,569,739 408,599 5,000,000 0 2,918,098 3,922,802 0 50,503 \$41,642,378	1,692,027 2,623,344 -26,999 0 327,014 0 7,630	13,464,664 20,193,083 381,600 5,000,000 0 3,245,112 3,922,802 0 58,133 846,265,394
General Fund State Special Revenue Fund Federal Special Revenue Fund Total Funding Costs	3,933,502.95 9,682,602.37 1,207,635.15 \$14,823,740.47	4,651,399 26,900,500 2,143,498 \$33,695,397	5,702,968 15,592,869 20,341,228 \$41,637,065	27,091 2,514,343 2,291,454 \$4,832,888	5,730,059 18,107,212 22,632,682 \$46,469,953	5,699,229 15,593,972 20,349,177 \$41,642,378	2,186,677 2,494,351 \$4,623,016	5,641,217 17,780,649 22,843,528 \$46,265,394
Centralized Services Oil & Gas Regulation Conservation/resource Dev Water Resources & Planning Reserved Water Rights Comp Com Energy Planning Mining Environmental Sciences Solid/hazardous Waste Water Quality Petro Tank Total Program Costs	1,517,523.39 819,184.33 2,582,652.36 7,182,421.73 293,198.90 2,428,759.76 0.00 0.00 0.00 0.00 0.00 814,823,740.47	1,668,468 1,401,843 15,688,975 7,538,732 460,134 6,937,245 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	1,693,148 1,248,844 0 3,707,858 474,689 4,563,863 10,127,863 2,289,846 10,325,302 2,786,374 4,419,278 \$41,637,065	222.290 65.268 0 521.115 -27.065 119.998 1,475,169 181,104 7,552 2,311,175 -43,718 \$4,832,888	1,915,438 1,314,112 0 4,228,973 447,624 4,683,861 11,603,032 2,470,950 10,332,854 5,097,549 4,375,560 846,469,953	1,697,110 1,247,550 0 3,700,300 473,841 4,565,619 10,131,280 2,290,447 10,327,370 2,789,841 4,419,020 841,642,378	207,065 54,022 144,952 -27,001 351,997 1,422,468 179,988 23,859 2,309,374 -43,708 \$4,623,016	1,904,175 1,301,572 0 3,845,252 446,840 4,917,616 11,553,748 2,470,435 10,351,229 5,099,215 4,375,312 846,265,394

Agency Description

The proposed Department of Natural Resources and Environment (DNRE) is responsible for the maintenance, enhancement, and regulation of Montana land, water, air, and energy resources. Department duties include:

1) Administration of water rights, permits, and records; dam safety; weather modification permits and licenses; international, interstate, and Indian compact negotiations and

agreements; water-related studies and planning; and floodplain management;

- 2) Maintaining water quality standards and enforcing water quality statutes;
- 3) Maintaining outdoor air quality levels considered safe to the public health and welfare through permit review, inspections, monitoring, and information dissemination;
- 4) Surface and underground mining regulation, permitting, and monitoring;

- 5) Licensing, inspection, and enforcement duties concerning waste disposal sites in the state and enforcement of state hazardous waste statutes;
- Evaluating and monitoring proposed major energy generation, conversion, and transmission facilities.

Other activities involve petroleum fuels monitoring, special studies concerning energy supplies and demand, and emergency energy planning.

Administratively attached to DNRE is the Board of Oil and Gas Conservation which is responsible for preventing waste and providing for the conservation of crude oil and natural gas through regulation of exploration and production activities. Also administratively attached is the Board of Water Well Contractors responsible for licensing water well drillers and enforcing construction standards.

Budget Issues

Reorganization

The executive recommends reorganizing the Departments of Natural Resources and Conservation, Health and Environmental Sciences, and State Lands. The organization

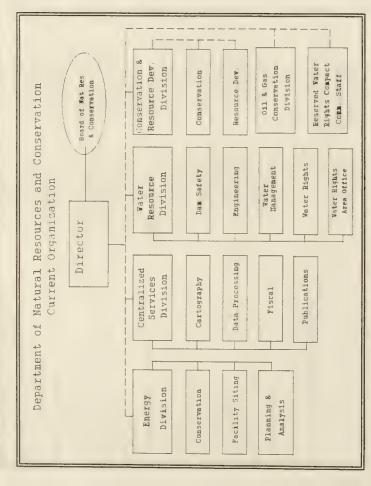
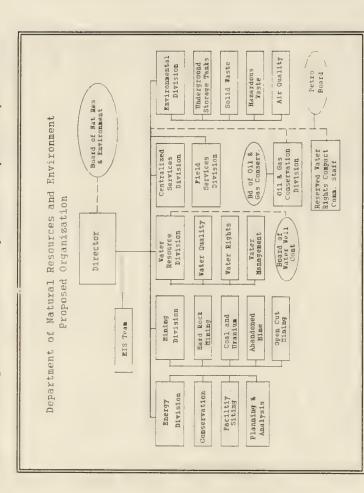


chart to the left details the Department of Natural Resources and Conservation before the proposed reorganization and the organization chart above shows the proposed Department of Natural Resources and Environment after the reorganization.

As the organization charts show, the Air Quality, Hazardous Waste, Solid Waste, Underground Storage Tanks, and Water Quality Bureaus and the Petro Board are transferred from the Department of Health and Environmental Sciences to the recommended department. Transferred from the Department of State Lands is the Reclamation Division which includes the Hard Rock, Coal and Uranium, Open Cut, and Abandoned Mines Bureaus. Transferred from the Department of Natural Resources and Conservation to the Department of State Lands are the Conservation and Resource Development Division and the Engineering Bureau of the Water Resources Division.

The proposed reorganization places most major environmental permitting functions in one agency, thus reducing the number of contacts necessary and decision bodies involved in granting approval to major projects or developments in the state. Having state permitting responsibilities consolidated in one agency will set the stage for eventual legislative and

changes to accommodate a comprehensive one-stop permitting process with uniform rules and time frames for each aspect of the permitting process. Uniformity of permitting time frames will instill greater confidence in the process on the part of the public.



The proposed reorganization will place most of the functional groups now preparing environmental impact statements (EIS) in one agency. This will enable EIS consistency, sharing of professional expertise, and management coordination among entities responsible for EIS segments related to the various required permits. The proposed reorganization also will centralize state-owned resource management functions in the Department of State Lands. This movement will virtually eliminate any potential conflicts of interest regarding agencies having both management and regulatory control over certain state-owned resources.

for potential costs associated with relocating the Department of Administration and Department of Commerce programs currently in the DNRC building. The executive recommends \$49,300 general fund for one-time equipment and relocation costs to move the Reclamation Division from DSL to the Metcalf (DNRC) building, and

Missouri Basin Reservation

\$547,443 for continuing the Missouri River reservation process. The \$547,443 includes \$166,826 from the Department of Fish, Wildlife, and Parks and \$380,607 from the water During the 1993 biennium, the department expects to prepare the EIS on reservation applications in the lower Missouri and Little Missouri River basins. The Board of Natural Resources and Environment will conduct a contested-case hearing and decide whether to grant, deny, or modify the reservation requests. The department is required to assist the board and provide necessary information. The executive budget includes 3.00 FTE and development account.

Poplar River Monitoring

of the boundary. These were concerns about the potential water quality and quantity impacts the Saskatchewan projects would have in Montana. To continue to monitor water Over 10 years ago, Montana and Saskatchewan disputed the use and apportionment of waters of the Poplar River. Montanans became concerned when Saskatchewan began to build a coal mine and coal-fired generation facility adjacent to the East Fork of the Poplar River a few miles north of the international boundary in Canada. Saskatchewan also began constructing a storage reservoir on the East Fork of the Poplar River directly north quantity in both the Poplar River and the East Fork of the Poplar River, the executive budget includes \$33,050 general fund in FY92 and \$33,570 in FY93 for water quantity Mines for groundwater studies and the remaining funds will be used to contract with the monitoring. Of the funds appropriated \$18,000 per year will be granted to the Bureau of U.S. Geological Survey which will match the state funds dollar-for-dollar.

Energy Conservation

Growing national concern over rising oil imports, dwindling oil reserve capacity, global warming, and acid rain has placed a renewed emphasis on energy efficiency. The State Energy Efficiency Programs Improvement Act increases the federal funds available for state energy programs. The executive budget contains \$441,500 of new federal revenue. The Energy Division will use the funds to offer consumer groups technical assistance to increase the energy efficiency of Montana commercial, industrial, and public sectors.

Oil and Gas EIS/MEPA Compliance

The Board of Oil and Gas adopted the Oil and Gas Programmatic Review prepared as required by SB184 (Laws of 1987) and SB201 (Laws of 1989) on December 28, 1989. The programmatic includes a commitment to implement MEPA compliance procedures

in the board permitting process as well as the review and revision of board rules to effect

changes recommended in the document. The executive budget includes an increase of \$100,000 in state special revenue for the 1993 biennium to enable the board to meet its MEPA and rule revision obligations.

Underground Injection Control Program - Federal Revenue

The executive recommends language which appropriates \$110,000 per year of federal revenue to the Board of Oil and Gas Conservation, contingent upon the board receiving the federal revenues from the Environmental Protection Agency. The 1991 biennium appropriations act contained this language authority.

Appropriation Language Oil Overcharge Indirect

collected, are deposited in the general fund pursuant to 1989 legislative action. Because the funds have been deposited into energy accounts, the department needs an appropriation to transfer the indirect charges from the accounts, and the executive recommends the Over the past few years the department has deposited oil overcharge funds into various energy division accounts. As the funds are expended, the central services division is The indirect charges, when entitled to charge an indirect rate against the funding sources. following language:

All indirect charges collected on oil overcharge funds are appropriated for transfer to the general fund.

Water Well Bond Forfeitures

The executive budget recommends legislation which clarifies that fees collected by the Board of Water Well Contractors for renewals, applications, forfeited bonds, etc., would be deposited in the board special revenue fund for use by the board only. In addition the legislation clarifies the board authority to apply forfeited bond money to remedy defects or compensate for damages caused by construction violations. The legislation includes a provision which statutorily appropriates forfeited bond proceeds.

State Building Energy Conservation Program

During the first week of each regular legislative session, the Governor must submit a recommended set of energy-efficiency improvements to be financed and installed through the State Building Energy Conservation Program. To finance the energy improvements, legislation is recommended which authorizes the sale of \$3.0 million of general obligation bonds and appropriates oil overcharge funds to administer the program.

Conservation Activities

The executive budget recommends a biennial language appropriation of \$145,000 for the department to receive up to \$125,000 from the Montana Power Company and up to \$20,000 from the Western Area Power Administration. The funds would be used for energy planning and agricultural, residential, and commercial conservation activities.

Rock Creek Account

required by the Rock Creek Stipulation and an order from the Board of Natural Resources and Environment for the 500-kV transmission line crossing at Rock Creek. Based on anticipated expenditures the executive budget recommends \$400,000 for the biennium with The executive budget contains a biennial appropriation to carry out mitigation measures a language appropriation for spending authority up to \$1,100,000. These appropriations

will permit the Rock Creek Advisory Council to spend the maximum amount allowable under the terms of the stipulation. The legislature approved a biennial appropriation of \$1,650,000 for the 1991 biennium.

ake Broadview Account

The executive budget includes a biennial appropriation of \$30,000 to carry out mitigation measures as ordered by the Board of Natural Resources and Conservation for Colstrip-Townsend 500-kV transmission lines. The legislature approved a biennial appropriation of \$40,000 for the 1991 biennium.

Reclamation Bond Forfeitures, Hard Rock Mining Account, and Open Cut Bond Forfeitures

In the 1991 biennium budget the legislature appropriated \$50,000 (a biennial appropriation) to reclaim hard-rock mine sites where the reclamation bonds had been forfeited as a result of operator's failure to comply with current law. Based upon the experience in FY90, the Hard Rock Bureau actually needs, and the budget includes, \$100,000 of authority per year to reclaim these mine sites. Therefore, there is a \$150,000 biennium increase for this purpose.

The department utilizes the hard rock mining account to finance reclamation projects where imminent hazards to public health and safety exist. In the 1991 biennium the legislature appropriated \$100,000 from the account. To ensure that the department has adequate expenditure authority to respond to future emergencies, the executive budget includes \$200,000 (\$100,000 per year) of authority for hard rock mining funds.

The executive recommends increasing the open cut bond forfeiture appropriation by \$50,000 to \$100,000 for the biennium. The department uses the bond funds to rectain open cut mining sites where operators have failed to comply with current law. The department experience in FY90 and FY91 demonstrates that the additional appropriation

Environment Analysis Increase

The 1991 biennium budget included \$500,000 per year for hark rock and coal mining environmental impact statements (EIS). Because of increased interest in mining opportunities, the \$1,000,000 proved insufficient. In FY90 the department requested and received a \$1,528,000 budget amendment for EISs for proposed coal and hard rock mines. To ensure that the department will have adequate expenditure authority in the 1993 biennium, the executive budget increases the expenditure authority for EISs from \$500,000 per year to \$1,500,000 per year. The increase is financed by fees which mining companies pay for EISs in the mine application process.

Coal and Uranium Bureau Workload Increase

The executive budget includes 3.58 FTE and \$143,134 in FY92, and 5.00 FTE and \$155,365 in FY93, for workload increases in the coal bureau. The increase reflects permitting and inspection requirements on more mines and increasing bond release applications which require hydrology, land stability, and vegetation analysis. The increase is financed in FY92 by \$100,026 of federal revenue and \$43,098 of reclamation and development funds; and in FY93 by \$108,534 of federal revenue and \$46,831 of reclamation and development funds.

Jard Rock Bureau Workload Increase

The executive budget includes 3.04 FTE and \$127,118 in FY92 and 4.00 FTE and \$121,239 in FY93 to respond to an increased workload in the hard rock bureau. The increase is to meet the demands as new mines are permitted and applications are received for amendments to existing mines. The new positions will be financed by reclamation and development funds.

Environmental Compliance

The executive budget includes 3.00 MEPA/NEPA staff for environmental compliance activities. One of the positions would provide department-wide guidance on the applicability, preparation, and distribution of MEPA documents. The other two positions will address the workload needs of the environmental analysis program. The positions would provide "core" staff to manage the continuing workload involving preparation of EAs and EISs. All three positions will be financed by fees which mining companies pay for EISs in the mine application process.

Primacy for Environmental Programs

The Environmental Protection Agency (EPA) has expressed concern regarding current resource levels for several of the state environmental programs including the Hazardous Waste, Superfund, Air Quality, Solid Waste, and Public Drinking Water programs and has advised the department that, without substantial increases in budgetary resources, predominately personnel, primary responsibility for enforcement of federal regulations in the state (primacy) may be assumed by the EPA. The administration is strongly committed to retaining state primacy for enforcement of environmental regulations and is proposing major increases in all environmental programs identified by the EPA for which state primacy is threatened in order to retain control of environmental regulation at a level more accessible and responsive to the citizens of Montana.

Fee-Funded Expansions

Of the five programs identified by the EPA for which primacy is threatened, three-air quality, solid waste, and public drinking water-require substantial amounts of state funding for the necessary expansions. Because general fund and state special revenues, such as interest earnings from the resource indemnity trust (RIT) fund, are unavailable to fund major expansions in these programs, the administration is proposing the establishment of fees paid by the industries and municipalities which would be most adversely affected by the loss of state primacy.

Air Quality

The EPA has recently expanded the responsibilities of the Montana Air Program and has significantly increased federal oversight of Montana's compliance and enforcement program. The department has received federal mandates requiring the revision of a substantial portion of the state implementation plan and the recently enacted Clean Air Act contains requirements for an expanded air quality program, including non-attainment area planning, air toxics, permitting, and enforcement. In addition, the bureau has established priorities for timely permitting, increased oversight of industrial compliance, meteorological forecasting for smoke management and local wood stove control, and monitoring of sulfur dioxide in response to public health concerns.

The budget reflects an increase of 6.50 FTE and approximately \$320,000 in state special revenue authority each fiscal year with funding generated by fees from regulated emission sources. The recently enacted federal Clean Air Act requires that states levy operating

permits. The department will propose legislation which would permit the department to issue renewable permits, in order to create a stable stream of revenue. permit fees, with funds mandated to be earmarked for state air quality programs. If states fail to collect these fees, the EPA is authorized to levy fees for deposit to the federal treasury. State law (75-2-211, MCA) authorizes the state to collect fees for nonrenewable

coordination and planning would control costs and enable Montana to manage the profound changes expected to occur in the structure of the state's solid waste disposal expected to be finalized this year, local communities and private landfill operators will be required to install liners, caps, groundwater and methane gas monitoring systems, new recordkeeping, load checking, closure, and thirty-year post-closure requirements. The new a tripling or quadrupling of municipal waste disposal costs, causing site-closures for waste disposal facilities. Federal enforcement would further increase costs due to the federal regulations will require the state to extensively modify its licensing and regulatory program. The department estimates that the new federal requirements will contribute to facilities unable to meet the new requirements and promoting the regionalization of solid greater stringency and lack of flexibility of federal enforcement. Maintaining state-level Due to the proposed "Subtitle D" federal regulations for municipal waste disposal,

operators. Fees would be used to supplant approximately \$86,000 of general fund in the current level budget beginning in FY93. The amount of the general fund supplantation is based upon the department estimate of the current level effort devoted to site-specific permitting activities. The current level budget retains the 1.50 FTE and \$71,000 in state special revenue authority appropriated by the 51st Legislature pursuant to HB752. Due to the moratorium on the importation of solid waste into the state, no expenditures were The budget reflects an increase of 3.00 FTE and approximately \$140,000 in state special revenue authority each fiscal year with funding generated by fees paid by landfill made from this appropriation.

Public Drinking Water

for the regulation of public drinking water supply systems. The approximately 2,400 public water supply systems in the state will be subject to new requirements for reducing The federal Safe Drinking Water Act Amendments of 1986 prescribe sweeping changes and monitoring for a progressively expanded list of contaminants, use of lead materials, public notifications, and disinfection and filtration of water supplies.

In the spring of 1990, the Governor authorized the department to appoint a task force representing the interests of municipal utilities, various civic organizations, consumers, ogislative committees, local health departments, and state agencies. The final report enforcement of federal regulations and that legislative changes should be made to authorize the department to assess fees to supplement existing funding of the Public concluded that the state should take appropriate measures to retain state primacy for Drinking Water Supply Program.

funding the level of expansion envisioned in the task force report in order to give the department, local water supply systems, and the public the opportunity to carefully The budget reflects an increase of 8.00 FTE, approximately \$250,000 in state special revenue authority, and \$750,000 in federal authority each fiscal year for the Public Drinking Water Supply Program. The proposed increase represents an increment in

evaluate the impact of a new fee system and the effectiveness of an expanded state program. The major line items in the budget include \$220,000 for personal services, \$200,000 for lab fees, \$50,000 for grants to local water systems, and \$420,000 for consultant and professional services each fiscal year.

Hazardous Waste Management

restrictions on land disposal; initiatives in waste reduction and recycling; and the elimination of certain exclusions, resulting in the addition of new regulated hazardous program. The department is now drafting new administrative rules and related application documents in order to seek federal authorization for enforcement of the most significant of these new program components as a revision to the Montana Hazardous Waste The federal Resource Conservation and Recovery Act (RCRA) was significantly amended in 1984, adding several new components to be phased into the federal hazardous waste Program. The major program components include: broader corrective action authorities; wastes, such as mining wastes.

and \$150,000 in federal revenue authority each fiscal year. Federal RCRA grants require a 25% state match. The budget proposes to match the available federal RCRA funds with RIT revenues deposited to the hazardous waste/CERCLA account. Revenues from this account are available for appropriation for implementation of the Montana Hazardous The budget reflects an increase of 4.00 FTE, \$50,000 in state special revenue authority, Waste Act and as the state match to obtain federal funds.

Federal and State Superfund

Funding levels for the federal Superfund Program are highly variable depending on factors such as the availability of federal funding, willingness of responsible parties to undertake remedial actions, and the occurrence and identification of emergency conditions requiring expedited action. Sufficient federal revenue authority was appropriated by the 51st Legislature to enable the department to respond to any unanticipated circumstances which might arise requiring expenditures of federal Superfund grants. In the 1991 biennium, the department received authorization to fund an additional 5.00 FTE by transferring authority increase of 4.00 FTE to continue all but one of the positions added in the 1991 biennium. The increase to personal services in the Superfund budget is supported within the current level by transferring approximately \$115,000 from operating expenses. from operating expenses to personal services. For the 1993 biennium, based on department projects of the availability of EPA funding, the executive budget reflects an

Cleanup and Responsibility Act, also known as the State Superfund Program. The 51st Legislature appropriated funding for 1.5 FTE and about \$223,000 and \$255,000 in FY90 each fiscal year from operating expenses. However, due to administration estimates of sufficient RIT funds available to the program, the budget reflects an increase of \$81,000 and \$100,000 in FY92 and FY93, respectively, to fund the requested 2.75 FTE. The additional \$20,000 in FY93 is budgeted for contracted services. Effective in the 1991 biennium, the 50th Legislature authorized 4% of the RIT interest funds be appropriated for implementation of the Montana Comprehensive Environmental and FY91, respectively. There are currently over 150 hazardous waste sites under the jurisdiction of the State Superfund Program. The department has indicated that the workload far exceeds the staff resources and has requested funding for an additional 2.75 FTE within the current level budget by transferring approximately \$81,000 of authority

Burlington Northern/ARCO Special Projects

federal laws governing the management of hazardous wastes. The legislature intended that any compensatory recoveries or penalties be deposited back to the fund. The department has subsequently settled its claim with Burlington Northern. In the 1991 protection fund to pursue a civil action filed in federal district court by the state against biennium, 1.50 FTE were established by transferring authority from operating expenses to personal services in order to oversee the cleanup at the BN Livingston Shop Complex. The department estimates that investigations and cleanup oversight will continue throughout the 1993 biennium. The budget reflects an increase of 1.5 FTE funded within The 51st Legislature appropriated \$200,000 in RIT funds from the environmental quality Burlington Northern (BN) in order to seek remediation for alleged violations of state and the current level budget with revenues received under the settlement.

The 51st Legislature also appropriated \$200,000 in RIT funds to recover damages to natural resources by the Atlantic Richfield Company (ARCO) for the release of hazardous substances in the Clark Fork River basin. For the 1993 biennium, the administration proposes that this amount be transferred to the Governor's Office to supplement a new general fund appropriation. The transfer is intended to permit enhanced interagency coordination of the lawsuit.

with funding to expedite cleanup for components of the larger Clark Fork River basin National Priority List site. In the 1991 biennium, the department added 1.50 FTE to oversee work on the expedited ARCO cleanup projects. The budget reflects an increase Pending the litigation of the natural resources lawsuit, ARCO has provided the department of 1.50 FTE and \$120,000 in state special revenue authority to continue these activities.

Federal Clean Water Act Funding
The EPA has proposed target funding levels for new groundwater quality protection programs in the state under section 106 of the federal Clean Water Act. The EPA has targeted \$35,000 for wellhead protection; \$28,000 for pesticides in groundwater; and \$48,000 for nonpoint groundwater pollution control for each fiscal year. In the 1991 The executive budget proposes to continue these efforts and reflects an increase of 2.00 biennium, the department received a budget amendment to implement these new programs. FTE and \$111,000 in federal revenue authority each fiscal year.

federal grant. The department anticipates that section 319 funds will continue to be available to the state in proportion to the 1990 grant through the 1993 biennium. The Clean Water Act requires a 40% state match for section 319 grants. The EPA has budget of the Reclamation and Development Grants Program. The budget reflects an increase of 2.00 FTE and approximately \$1.4 million each fiscal year for implementation water pollution, the cause of 95% of existing surface water quality problems in Montana. The Clean Water Act amendments authorized \$400 million over four years for states with EPA-approved programs. In 1990, Congress made its first appropriation under section 319 for \$40 million. In FY90, the Montana nonpoint source management plan was approved by the EPA. The department received a budget amendment for the anticipated indicated to the department that the state match can be satisfied by incorporating nonpoint The 1987 amendments to the federal Clean Water Act established, in section 319, the framework for comprehensive control at the state and local levels of nonpoint source source control projects into the state work plan that are funded within the current level of the state nonpoint source management program. Approximately \$1.3 million of the

federal grant would be used for contracts with conservation districts sponsoring implementation of nonpoint source demonstration projects.

Agricultural Monitoring

the department for monitoring of agricultural groundwaler contaminants. The administration is proposing legislation which would authorize the Department of Agriculture to deposit \$15,000 each year in a state special revenue account for HB757 authorized the Department of Agriculture to assess fees for the registration of pesticides and fertilizers, with the fees to be deposited to the general fund. The 1991 biennium general appropriations act contained language appropriating approximately \$15,000 in general fund authority each fiscal year, contingent upon passage of HB757, to groundwater monitoring activities. Accordingly, the budget reflects a shift of this amount from the general fund to a state special revenue account.

Petroleum Tank Release Compensation Fund

appropriations to apply only to nonadministrative expenditures. HB603, which established the Petroleum Tank Release Compensation Fund, was not passed by the legislature in time for its inclusion in HB583. Since the Petroleum Tank Release Compensation Fund is new Petroleum Tank Release Compensation Fund. Compensation payments would continue to be statutorily appropriated. The proposal is consistent with the administration's and the 51st Legislature's policy as expressed in HB583, which modified all existing statutory budget proposes language authorizing the transfer of authority from the statutory appropriation pursuant to 75-11-301, MCA to the appropriation for administrative funding. and may require additional administrative resources once fully implemented, the executive The executive budget proposes to regularly appropriate the administrative budget for the

	Fiscal 1990 Actual	Fiscal 1991 Appropriated		Fiscal 1992 Incr/Decr	scal 1992	Base	Fiscal 1993 - Incr/Decr	Recommended
Full Time Equivalent Employees	799.99	803.08	779.58	-9.67	769.91	779.58	-10.00	769.58
Personal Services Operating Expenses Equipment Local Assistance Benefits and Claims	17,616,208.88 33,449,816.33 176,079,62 13,606,504,43 3,618.16	19,902,028 27,370,670 148,825 57,094,000 1,000	19,598,625 27,498,526 137,740 55,484,000 10,000	232,231 3,967,371 109,079 9,500,000	19,366,394 31,465,897 246,819 64,984,000 10,000	19,593,779 27,492,701 137,740 53,834,000 2,000	-238,890 4,128,413 55,840 9,000,000	19,354,889 31,621,114 193,580 62,834,000 2,000
Transfers Debt Service Total Agency Costs	13,733,640.99 155,883.05 \$78,741,751.46	14,160,000 155,884 \$118,832,407	\$102,884,775	\$13,456,908	\$116,341,683	\$101,216,104	\$13,058,052	\$114,274,156
General Fund State Special Revenue Fund Federal Special Revenue Fund Proprietary Fund Total Funding Costs	22,051,352.75 9,743,759.49 233,724.63 46,712,914.59 \$78,741,751.46	34,564,270 42,190,917 329,515 41,747,705 \$118,832,407	32,164,722 42,872,466 264,788 27,582,799 \$102,884,775	5,836,734 4,225,417 29,000 3,365,757 \$13,456,908	38,001,456 47,097,883 293,788 30,948,556 \$116,341,683	32,653,568 40,710,954 264,795 27,586,787 \$101,216,104	5,468,741 4,195,993 29,000 3,364,318 \$13,058,052	38,122,309 44,906,947 293,795 30,951,105 \$114,274,156
Directors Office Centralized Services Data Processing Liquor Income Tax Corporation Tax Property Valuation Motor Fuel Tax Total Program Costs	1,297,264.77 3,091,973.79 1,255,858.55 45,897,722.59 3,407,354.64 7,816,671.74 15,364,643.26 610,262.12	1,475,111 3,230,433 1,454,612 40,934,645 3,521,591 40,202,884 27,324,052 689,079 \$118,832,407	1,488,905 3,234,344 1,449,582 26,756,095 3,598,433 41,470,765 24,886,651 6102,884,775	118,743 -8,033 100,715 3,339,305 3,44,624 3,956,037 5,605,517 5,605,517	1,607,648 3,226,311 1,550,297 30,095,400 3,943,057 45,426,802 30,492,168 6,341,683	1,484,927 3,230,799 1,448,235 26,759,355 3,571,479 39,319,112 25,402,197 0 \$101,216,104	118,328 -8,050 92,821 3,337,847 290,138 3,955,742 5,271,226	1,603,255 3,222,749 1,541,056 30,097,202 3,861,617 43,274,854 30,673,423 0,673,423

Agency Description

The Department of Revenue has the responsibility to ensure full and fair compliance with all state tax laws, to assist taxpayers in understanding their rights and obligations under the law, to administer applicable revenue transactions with other entities, and to maintain mechanisms for the efficient and timely collection and deposit of revenues. The department administers approximately 31 state taxes and fees and regulates the sale and distribution of alcoholic beverages. The department is organized into three divisions which provide management and administrative services plus five divisions administering the major tax programs of the state: 1) property valuation; 2) income and miscellaneous taxes; 3) natural resource and corporate taxes; 4) motor fuels taxes; and 5) liquor taxes and liquor merchandising operations.

Budget Issues

The executive budget reflects five major budget issues affecting four of the aforementioned tax programs:

Property Valuation

By statute, the department must reappraise all property every five years. The 51st Legislature extended the current reappraisal cycle, originally required to be completed by December 31, 1991, by two years to give the department time to develop its proposed computer assisted mass appraisal system (CAMAS). CAMAS is designed to improve the uniformity of statewide reappraisals and the efficiency of department operations.

CAMAS may make a shortened reappraisal cycle feasible, diminishing the need for interim adjustments based on aggregate sales data such as that required under HB703, recently nullified by the State Supreme Court.

midrange computer purchased by the department. Total cost of the required upgrade is about \$480,000. In addition, the department has concluded that it cannot support the to meet that commitment due to costs which the department did not contemplate in its cost estimates presented to the 51st Legislature. The department has discovered that CAMAS will require more processing and data storage capacity than is available on the CAMAS system in-house and will require an ongoing contract for systems support at an annual cost of \$275,000 in FY92 and \$218,000 in FY93. Maintenance contracts and network fees will add an additional \$42,000 over the biennium. The department anticipates that CAMAS will be fully operational in time for completion of the current reappraisal cycle. However, additional resources will be necessary in order

approximately \$50,000 per year in systems support cosis under its current budget. Funding for contracted systems support reflects a reduction of 50% in the monthly cycle. It is anticipated that the department will take steps necessary to develop in-house capability for primary support of CAMAS in the next reappraisal cycle unless major a cost of \$113,000 per year through FY96. The department can further absorb The department can minimize the annualized costs by financing the computer upgrade at payments to the contractor after December 31, 1992, the end of the current reappraisal modifications are necessitated by changes in the property tax laws. In addition, the budget reflects an increase of approximately \$270,000 over the beinnium for cyclical costs associated with the reappraisal cycle such as travel, supplies, and postage. These costs will not continue into the 1995 biennium.

\$105,000 per year in operating expenses due to a lower expenditure pattern than was budgeted in the 1991 biennium. FY90 operating expenditures were about \$140,000 less The current level budget for Property Reappraisal has been reduced by approximately than the FY91 appropriation, on which the executive budget is based. The net change to the property reappraisal budget is an increase of approximately \$720,000 over the biennium--substantially less than the \$1.8 million cost projected by the department for the FY92 and FY93 reappraisal years if CAMAS had not been The net longterm costs expected to continue into the 1995 biennium are projected to be less than \$60,000. implemented.

The statutory appropriation under MCA 15-01, remittance of personal property taxes to the counties, is increased by \$4 million per year over the FY91 appropriation.

Workers' Compensation Employers' Payroll Tax HB2, passed by the 51st Legislature in the 1990 Special Session, commissioned the department with responsibility for collection of the Workers' Compensation Payroll Tax effective July 1, 1991. The department intends to initiate an expanded effort to maintain level resources transferred from the State Fund and an appropriation under HB2 for FY91, the department requests an additional 8.00 FTE and approximately \$200,000 per year, reflected in the Data Processing Division and Income Tax Division. The administration thorough and timely collections of the payroll tax in order to amortize the unfunded liability of the Workers' Compensation fund as quickly as possible. In addition to current

proposes that the payroll tax support its own administrative costs, rather than those costs being borne by the general taxpayer through the general fund.

income and Miscellaneous Tax Division

general fund authority to augment collections activities in the Income and Miscellaneous Tax Division. In the period from December 1988 to December 1989, receivables have increased from \$21.5 million to \$30.1 million. Although most of this increase is department projects an increase and/or acceleration of collections of approximately \$2.6 The budget reflects an additional 3.00 FTE and approximately \$100,000 per year in attributable to drug tax assessments, receivables are at record levels for income, withholding, and business tax programs. Despite accelerating transfer of aged accounts to the State Auditor and making the reduction of accounts inventory a priority, the department has concluded that the existing staff resources are insufficient to adequately service the current inventory and control the growth of delinquent accounts. million for the biennium due to the additional staff resources.

division had no equipment budget for FY91. According to industry standards, the department projects replacement rates requiring a base level appropriation. This increase The budget also reflects an additional \$126,000 in general fund authority over the biennium for equipment repair and replacement. Despite being intensively automated, the would be available only for replacement of existing division equipment which has no further functional life until replacement rates can be based on actual experience.

Motor Fuels Reorganization

Pursuant to the administration's proposal to create a Department of Transportation, the department would transfer the Motor Fuels Division to the proposed new agency. For further discussion of this proposal, refer to the narrative for the existing Department of Highways. The Director's Office in the Department of Revenue is currently funded with with general fund, one-third with proprietary liquor funds, and one-third with federal approximately \$90,000 in motor fuels revenues. These funds would be replaced one-third funds associated with welfare and medicaid fraud control programs.

Liquor Division

Division administration, licensing, and liquor merchandising were appropriated by the 51st Legislature through bill language. The executive budget continues the HB100 language appropriation for division administration and liquor merchandising but establishes a regular appropriation for the licensing bureau. The language appropriation for division administration and liquor merchandising establishes a profit target and operational expenditure limit of 10% and 15% of net sales, respectively. Net sales are defined as gross sales less discounts and taxes. Operational expenditures do not include product and reight charges, expenditures allocated to other divisions, or the licensing bureau.

1993 biennium. No change in the language appropriation would be necessary for the FY92-FY93 transition period although enactment of the administration's proposed The budget includes an estimate of the fiscal impact of the language appropriation. This estimate is based on current law. A reduction of 18.00 FTE is due to the conversion of legislation would reduce the fiscal impact of the appropriations language. The department estimates a net reduction of 52 positions by the end of the biennium. The gradual state liquor stores to agency stores in this biennium. The administration will propose egislation to gradually phase the state out of retail liquor distribution by the end of the elimination of these positions would save 13,00 FTE in FY92 and 39,00 FTE in FY93

As the department phases-out retail operations, the profit target and operational expenditure limit would become less restrictive parameters for the liquor merchandising operations. The executive budget retains the current limits in order to give the department a necessary degree of flexibility during the transition period. In the 1995 biennium, the profit target should be raised while the expenditure limit should be lowered.

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	scal 1992Incr/Decr Recommended	Base	· Fiscal 1993	Recommended
Full Time Equivalent Employees	342.09	334.84	339.59	-16.70	322.89	343,59	-16.70	326.89
Dominion O	C1 0FF 3CF 0	10000	8 9					
Personal Services	6,720,79.13	10,034,195	10,157,699	-332,667	9,825,032	10,238,941	-332,847	9,906,094
Operating Expenses	23,170,741.81	22,536,722	23,700,564	2,835,281	26,535,845	24,060,041	3,215,115	27.275.156
Equipment	1,427,760.29	1,275,879	840,879	1,259,297	2,100,176	840,879	1.165.592	2,006,471
Capital Outlay	29,262.03	0	0	0	0	0	0	0
Local Assistance	942,525.53	1,007,677	768,908	0	768,908	824.573	0	824.573
Benefits and Claims	26,041,611.07	35,154,431	39,000,000	200,000	39,200,000	46.200,000	200,000	46 400 000
Transfers	36,543,892.26	17,458,050	15,177,612	80,810	15,258,422	15,897,480	86,676	15 984 156
Debt Service	3,555,408.83	4,555,493	4,555,494	-19,846	4,535,648	4,555,494	-566.496	3 988 998
Total Agency Costs	\$100,437,980.95	\$92,022,447	\$94,201,156	\$4,022,875	\$98,224,031	\$102,617,408	\$3,768,040	\$106,385,448
	20 000 000							
General Fund	35,244,008.83	17,504,790	15,976,500	9,676	15,986,176	16,679,468	9,405	16,688,873
State Special Revenue Fund	2,293,059.84	2,835,978	2,690,837	92,336	2,783,173	2,709,481	98,208	2,807,689
Capital Projects Fund	2,148,973.01	2,159,732	2,150,096	80,810	2,230,906	2,155,615	86,676	2,242,291
Proprietary Fund	60,751,939.27	69,521,947	73,383,723	3,840,053	77,223,776	81,072,844	3,573,751	84.646.595
Total Funding Costs	\$100,437,980.95	\$92,022,447	\$94,201,156	\$4,022,875	\$98,224,031	\$102,617,408	\$3,768,040	\$106,385,448
Director's Office	228,937.10	339,442	300,773	2,143	302,916	300,738	-937	299.801
Accting & Management Support	34,821,934.91	16,269,461	15,533,403	18,562	15,551,965	16,240,568	14,433	16,255,001
Architecture & Engineering	1,027,645.83	1,202,670	1,181,064	163,146	1,344,210	1,192,096	174,884	1,366,980
Procurement & Printing Div.	9,103,222.36	10,136,067	9,761,705	641,391	10,403,096	10,036,293	672,371	10,708,664
Information Services	17,231,115.48	18,731,921	18,086,480	2,277,360	20,363,840	18,163,544	1,933,693	20,097,237
General Services	3,445,603.94	3,813,277	3,748,236	40,263	3,788,499	3,734,242	151,129	3,885,371
Mail & Distribution Bureau	1,306,243.83	1,396,046	1,635,508	14,305	1,649,813	1,638,903	15,196	1,654,099
State Personnel	26,811,533.96	33,634,822	38,506,947	-133,339	38,373,608	45,807,943	-191,211	45,616,732
lort Claims	6,149,063.34	6,062,815	4,992,168	1,011,182	6,003,350	5,048,451	1,010,825	6,059,276
State 1 ax Appeal Board	312,680.20	435,926	454,872	-12,138	442,734	454,630	-12,343	442,287
Total Program Costs	\$100,437,980.95	\$92,022,447	\$94,201,156	\$4,022,875	\$98,224,031	\$102,617,408	\$3,768,040	\$106,385,448

Agency Description

The Department of Administration (DofA) was established under the Executive Reorganization Act of 1971 (2-15-1001, MCA). The primary goal of the Department of Administration is to provide services to state agencies in the areas of accounting, financial reporting, insurance, communications, data processing, personnel management and labor relations, purchasing, printing, mail and messenger, and records management. The department also administers the Long-Range Building Program, State Employee Group Benefits Program, and various state retirement programs. Functions attached to the department for administrative purposes include the Board of Examiners, State Tax Appeals

Board, Public Employees Retirement Board, Teachers' Retirement System and the State Mutual Compensation Insurance Fund.

Three internal reorganizations during the 1991 biennium revised the department:

1. Information Services Division (ISD) combined its data processing programs into one program because technological enhancements removed significant differences among planning, programming, and operational services. For instance, the same person may write a program, input it into the computer system, and train operators to use the program. consequently, the separation of computer services into four distinct programs

- The Accounting Program and Centralized Services Division were combined to create Accounting and Management Support. The reorganization was made to allow better utilization of staff, create career tracks for improved retention of existing staff, and enable the cross training of personnel to facilitate the preparation of financial statements and budgets.
- Pursuant to SB428 and effective January 1, 1990, the Workers' Compensation Court was transferred to the Department of Labor and Industries.

Budget Issues

FY92-93 Base

Information Services Division and All State Agencies

increases, the per unit cost for data processing decreases. Consequently, the mainframe processing rates are reduced in the budgets of all state agencies in FY92 by 19% and in FY93 by 27% below the base, for a biennial savings in excess of \$3 million. The FY92-93 base for the DofA Information Services Division includes increases of services. As utilization and, subsequently, the appropriation for data processing services approximately \$1.3 million to enable the reduction of proprietary fees for data processing

Furthermore, because an increasing number of state agencies are installing computer networks to link personal computers and terminals to a centralized data processing unit, of the network fees, \$217,142 has been deleted from the base of all state agencies. The net savings from these three changes for all state agencies is \$585,142 for the 1993 biennium, including about \$176,000 general fund. In addition, utilization of the services provided by this division for all state agencies is more equitable because the rate and the amount budgeted for each service is based on the cost of each service. network fees are increased in the budgets of all state agencies to pay the projected actual cost of these services. Local area computer networks are now budgeted to be paid for by the agencies using them, rather than continuing to be subsidized by mainframe and other data processing fees. Since subscription fees are no longer needed with implementation

privatization, as well as fixed cost adjustments, increase the base for operating expenses by 5.9% (excluding the Information Services Division base adjustments described above). The department requested a reduction of 36.20 FTE and a 6.7% decrease in the personal services base relative to the FY91 appropriated budget. The decrease in FTE authority and personal services is attributable to privatization. Contracted services resulting from

The following three privatization initiatives are included in budget recommendations:

Janitorial Services - Based on findings generated through a department study and a performance audit by the Office of Legislative Auditor, effective July 1, 1989, the department procured a contract for custodial services to the capitol complex. The contract resulted in the reduction of 15.00 FTE and generated cost savings of \$105,637 in FY90, \$92,781 in FY91, \$104,326 in FY92, and \$95,224 in FY93. The

cost savings generated through privatization of janitorial services are presented in the budget for the General Services Division.

- capitol complex was a feasible and cost effective alternative. The department estimated cost savings of approximately \$54,931 in FY92 and \$55,651 in FY93. The cost savings generated through privatization of security services are included in the privatization, the department determined that privatization of security services for the capitol complex was a feasible and cost effective alternative. The department Security Guards - Based on a study of potential state services eligible budget for the General Services Division.
- FY92 and \$108,279 in FY93. The cost savings generated by the privatization of data entry services are budgeted as a 14.5% reduction in operation support (object code advantageous for many data entry applications to be keyed at the point of origin. In FY91, ISD privatized its data entry services. The privatization of data entry services resulted in the reduction of 11.20 FTE and generated cost savings of \$103,400 in Data Entry - Technological enhancements in data processing changed the manner in which data entry was performed. On-line processing made it possible and #2183) in the contracted services portion of all state agency budgets. 3

Increases Above Base

Printing and Procurement

items in the Federal Surplus Program: (1) increased freight costs to transport surplus property, (2) travel to screen federal surplus property scheduled for resale, (3) repair and maintenance of the surplus warehouse, and (4) communications. The increase is funded with proprietary funds charged by the program for its services. The executive budget includes \$87,000 each year of the 1993 biennium for the following

The FY92-93 recommended budget for equipment includes the replacement of a depreciated delivery truck for the division at a cost of approximately \$30,000 proprietary

Computer Services Helena Armory Computer Processor Upgrade

justice information network and the motor vehicle registration system. The executive budget includes \$100,000 each year of the 1993 biennium to enhance and expand data The workload for data processing in the Department of Justice is growing at a rate which will exceed the capabilities of the presently-installed computer during the 1993 biennium. processing equipment and related software. The increase is funded with proprietary funds The major applications supported by this computer configuration include the criminal charged the users of the computer system.

Computer Services Workload

growth in workload in excess of 17% per year. During FY89, the workload in the computer center increased by 42% and in FY90 by 20%. The budget increases proprietary fund appropriations by \$500,000 each year of the 1993 biennium to accommodate the added workload. Over the past nine years the computer center has experienced an average compounded

Computer Services Local Area Networks

To continue the development, maintenance, and enhancement of the local area computer network (LAN), the executive budget includes proprietary funds of \$800,213 in FY92 and \$800,210 in FY93 for local area computer networks. LAN provides standard communication software components that will ensure compatibility and communication across the networks.

data and data processing in the event of a disaster at the state data processing site. The terms and conditions for the Department of Social and Rehabilitation Services TEAMS contract require a disaster backup system. The department advises the need for this disaster insurance' is made more critical due to an unstable environment at the present Computer Services Disaster Backup
The executive budget contains proprietary funds of \$179,000 in FY92 and \$144,000 in FY93 for a 'warm site contract' to enable a private firm to provide access to comparable ocation of the data center.

Telecommunications Student Long Distance Services

students living in dormitory housing at state schools and universities. The increased utilization of state services enables the department to reduce its long-distance rates to state agencies by 3% each year of the 1993 biennium. The executive budget proposes an increase of \$325,000 each year of the 1993 biennium which includes 1.00 FTE and \$32,588 in FY92 and \$32,513 in FY93 to administer the collection of long distance fees and \$292,412 in FY92 and \$292,487 in FY93 for increased long distance charges from The executive budget includes a recommendation to offer long distance services to projected student participation in the services. The proposed increases are all proprietary funds. Although students will pay a fee for their long distance services, they will pay less for long-distance telephone services than in prior years.

Telecommunications Switching System Upgrades

The department maintains state telephone switching systems at a number of major network sites, several of which are no longer reliable or serviceable. The executive budget includes \$229,000 of proprietary funds in each year of the 1993 biennium to replace and/or upgrade these unreliable switching systems.

Telecommunications Public Safety Communications
The Public Safety Communications Task Force recommended improvements in frequency coordination, technical assistance for local agencies, development of coordinated radio systems for state and local governments, and continuation of mutual aid frequency use. The executive budget includes \$82,000 in FY92 and \$57,000 in FY93 of additional proprietary funds to implement the task force recommendations.

General Administration New Postage Meters

as recommended by the manufacturer. The executive budget includes a proprietary fund appropriation of \$6,500 each year of the 1993 biennium to replace depreciated postage Postage meters in the general administration division have exceeded the maximum output

Personnel Employee Newspaper

The executive budget includes an increase of \$8,000 each year of the 1993 biennium to prepare and distribute a periodic employee newspaper. Recommended to be provided using proprietary fees from the employee's group benefits fund, the proposed newspaper

would contain important information and communication about employee benefits, choices, and administrative news.

Personnel Combined Campaign

participate in an employee-sponsored worksite solicitation campaign. The state is paying the administrative costs associated with charitable fundraising in FY91. The executive budget has \$10,000 of proprietary authority each year of the 1993 biennium to charge charitable organizations an appropriate fee to cover the cost of pledge cards, promotional The district court ruled that the state must allow all qualifying charitable organizations to materials, and other administrative costs associated with the combined campaign.

Personnel Professional Development Center

The executive budget contains \$9,112 in FY92 and \$18,680 in FY93 of additional proprietary authority to accommodate the increased attendance at the state training seminars and workshops.

Personnel Group Insurance Benefits

group insurance benefits system on the mainframe computer. The last legislative session appropriated general fund to design, develop, and implement a group insurance system on the mainframe computer which is integrated with state-wide position control and retirement systems. The department anticipates the completion of the group insurance benefits system by January, 1991. The executive budget proposes to maintain the system The executive budget contains \$34,000 in FY92 and \$19,000 in FY93 to maintain the with proprietary funds derived from the interest earned on the group benefits trust fund.

Tort Claims Contracted Legal Services

FY90 Tort Claims experienced a 30% increase in general liability claims and projects a continued increase during the next biennium. The executive budget adds \$1,000,000 each year of the 1993 biennium for contracted legal services. In addition, the budget contains an increase of a 0.50 FTE secretary at a cost of \$10,880 in FY92 and \$10,858 in FY93. Over the past five years, the number of claims filed against the state has increased. In These increases are funded with proprietary funds.

appropriations include: 2-09-202, MCA, apportionment of cost and creation of deductible conventional insurance for providing state employee group benefits; 10-4-301, MCA, establishment of emergency telecommunications account; and 17-5-802, MCA, authority appropriated budget. The proprietary fees charged for the intragovernmental services reserve; 2-17-105, MCA, insurance on state buildings; 2-18-212, MCA, alternatives to General fund in 1993 biennium budget remains essentially unchanged relative to the FY91 offered by the department were increased to accommodate inflation. to issue general obligation bonds and notes.

The following language is recommended to be included in the 1993 biennium general appropriations act:

The appropriation for the General Services Division includes \$58,801 in fiscal 1992 and \$58,801 in fiscal 1993 from the capital projects fund for improvements to the facilities within the capitol complex.

Funds remaining in the capitol land grant account of the capital projects fund, after the appropriation has been met for the General Services Division of the Department of Administration, are appropriated to the long-range building debt service fund for the payment of principal and interest on bonds issued for public buildings at the capitol for executive, legislative, and judicial purposes. This appropriation is for the biennium ending June 30, 1993, and is not to exceed the annual debt service required on these bonds.

The appropriations for the teachers and public employee retirement systems are derived from the appropriate pension trust fund.

The department may charge a maximum of \$3.28 per square foot in FY92 and \$3.34 per square in FY93. At the end of FY93, the maximum working capital the department may carry over is \$320,000.

The department may expend available self-insurance reserves and revenues to pay any deficit that may be incurred for property or liability insurance premiums due and payable through June 30, 1993.

	Fiscal 1990	Fiscal 1991		Fiscal 1992			Fiscal 1993 -	8 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
	Actual	Appropriated	Base	Incr/Decr	Incr/Decr Recommended	Base	Incr/Decr	Incr/Decr Recommended
Full Time Equivalent Employees	101.37	215.89	175.50	41.40	216.90	175.50	40.40	215.90
Personal Services	4,116,672.94	5,347,400	4,407,796	1,128,386	5,536,182	4,401,634	1,105,310	5,506,944
Operating Expenses	3,204,056.31	2,994,201	3,908,634	-106,256	3,802,378	3,981,159	-232,482	3,748,677
Equipment	179,663.63	164,087	72,671	116,222	188,893	72,671	54,467	127,138
Benefits and Claims	39,876,563.27	15,518,000	110,953,000	0	110,953,000	118,060,000	0	118,060,000
Transfers	13,938,285.61	14,332,970	3,155,032	-213,331	2,941,701	3,178,269	-219,215	2,959,054
Total Agency Costs	\$61,315,241.76	\$38,356,658	\$122,497,133	\$925,021	\$123,422,154	\$129,693,733	\$708,080	\$130,401,813
State Special Revenue Fund	16,151,895.07	14,062,196	61,585	-35,015	26,570	60,739	-60,739	0
Federal Special Revenue Fund	314,648.62	0	0	0	0	0	0	0
Proprietary Fund	44,848,698.07	24,294,462	122,435,548	960,036	123,395,584	129,632,994	768,819	130,401,813
Total Funding Costs	\$61,315,241.76	\$38,356,658	\$122,497,133	\$925,021	\$123,422,154	\$129,693,733	\$708,080	\$130,401,813
State Fund	61,315,241.76	38,356,658	122,497,133	925,021	123,422,154	129,693,733	708,080	130,401,813
Total Program Costs	\$61,315,241.76	\$38,356,658	\$122,497,133	\$925,021	\$123,422,154	\$129,693,733	\$708,080	\$130,401,813

Agency Description

The State Compensation Mutual Insurance Fund (state fund) was established by SB428 in the Fifty-first Legislative Assembly. The state fund was created to remove the inherent conflict between the interest of regulatory functions versus the sale of state compensation mutual insurance, and to insure the solvency of the workers' compensation insurance program offered by the State of Montana as "Workers' Compensation Plan Number Three" (plan three). Effective January 1, 1990, plan three is be managed and administered as an independent state agency.

SB428 separated the Workers' Compensation Division from the Department of Labor and Industry and administratively attached the state fund to the Department of Administration. The fund is governed by a board of directors appointed by the Governor and managed by an executive director appointed by the board. The legislature directed the state fund board to perform its business like the governing body of a private mutual insurance carrier. The board determines staffing levels, employee wage and salary schedules, and procures office space. The state fund must continue to deposit funds in the state treasury, issue state warrants for the disbursement of funds, and invest fund reserves through the Board of Investments.

In May, 1990, HB2, adopted during a special session of the legislature, separated the liability of state workers' compensation insurance on the basis of whether the liability arises from claims for injuries resulting from accidents that occurred before July 1, 1990, (ergo, old business) or accidents that occurred on or after that date (ergo, new business).

Separate accounts for claims represented by old business and claims represented by new business were established by the state fund. The employer payroll tax was extended. The collection of the tax was transferred from the state fund to the Department of Revenue effective July 1, 1991. The Board of Investments is authorized to make loans from the new business account to the old business account and, thereby, provide the cash necessary to pay old business obligations.

Budget Issues

Y92-93 Base

Due to revisions in generally accepted governmental accounting principles, state insurance programs were changed from state trust funds to enterprise funds. Consequently the base for the state fund increased substantially when benefits, claims and other formerly offbudget trust funds were added. During the 1991 biennium the state fund received a budget amendment for 32.90 FTE at an approximate cost of \$374,701 in FY90 and \$993,607 in FY91. The modified FTE received through budget amendments were removed from the base to enable legislative consideration of the modifications which are listed below as increases above base.

Decreases Below Base

As a result of HB2, the base for administering the employer payroll tax is reduced 0.50 FTE in FY92 and 1.50 FTE in FY93 as the state fund discontinues its involvement in the collection of the payroll tax.

Increases Above Base

Claims Management Program

Currently the caseload for state fund examiners is several times more than the industry standard. Adequate case management is anticipated to decrease the average length of a disability and, subsequently, the cost of a claim for benefits. For instance, based on the present inventory of open claims, the reduction of one day of temporary, total disability will reduce total claims costs by approximately \$500,000. In addition, the proposed improvements will provide more prompt and better service to injured workers.

The executive budget includes 32.90 FTE at a cost of \$947,108 in FY92 and \$944,961 in FY93 to be distributed as follows:

1.00 2.00 11.00 2.00 .50 1.00	17.50	1.00 2.00 1.00 2.00 2.00	8.40	1.00	7.00
(a) Claims Management Vice President Rehabilitation Coordinator Claims Examiners Medical Profilers Office Clerk Receptionist	Total FTE	(b) Policy Services Director of Policy Services Employer Representatives Safety Consultants Secretary Audit Director Audit Technicians	Total FTE	(c) Financial and Management Support Programmer Clerk/Typist Attorney Budget Director Assistant Accounting Director Accounts Payable Secretary	Total FTE

Audit Bureau Reorganization

In September, 1990, a contract to audit state fund workers' compensation accounts terminated. Following the findings of a task force assigned to analyze decentralization of the Department of Labor and Industry (DLI) Audit Bureau, both DLI and the state fund agreed to reorganize and separate the Audit Bureau. A portion of the Audit Bureau FTE

and appropriation authority was transferred to the state fund. The reorganization of the Audit Bureau is represented in the executive budget as an increase of 9.00 FTE and an increase in appropriation authority of \$313,941 in FY92 and \$313,316 in FY93.

Funding

With the exception of accrued employer payroll taxes collected during the third quarter of 1991, the state fund is an enterprise fund. The state fund also has a statutory appropriation authorized by 39-71-2504, MCA, which states: "The balance in the workers' compensation tax account...is statutorily appropriated... to the state fund to be used to reduce the unfunded liability in the state fund incurred for claims for injuries resulting from accidents that occurred before July 1, 1990."

PUBLIC EMPLOYEES RETIREMENT BD

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992Incr/Decr Recommended	lecommended	Base	Fiscal 1993 Incr/Decr Re	iscal 1993
Full Time Equivalent Employees	20.00	20.00	20.00	00.	20.00	20.00	00.	20.00
Personal Services Operating Expenses Equipment Total Agency Costs	461,682.13 372,892.35 4,103.17 \$838,677.65	\$22,201 276,058 1,797 \$800,056	517,695 296,954 1,797 \$816,446	1,165 426,779 -231 \$427,713	518,860 723,733 1,566 \$1,244,159	516,777 275,893 1,797 \$794,467	1,159 161,755 .93	517,936 437,648 1,704 \$957,288
Non-expendable Trust Fund Total Funding Costs	838,677.65 \$838,677.65	800,056	\$16,446	427,713 \$427,713	\$1,244,159	794,467 \$794,467	\$162,821	957,288
Public Employees Retirement Total Program Costs	838,677.65 \$838,677.65	800,056 8800,056	\$816,446	427,713 \$427,713	\$1,244,159	794,467 \$794,467	\$162,821	957,288

Agency Description

The Public Employees' Retirement Board, staffed by the Public Employees' Retirement Division (PERD) of the Department of Administration, administers eight retirement systems for its members and their beneficiaries. PERD administers Title II, Section 218 of the Social Security Act which extends social security coverage to specific groups of state and local government employees in Montana.

Budget Issues

Increases Above Base

The following three budget increases are recommended:

1. There is \$350,582 recommended in FY92 and \$79,224 in FY93 for upgrading the computer system. The computer system currently used by PERD is 15 years old. In separate audit reports, the inability of the computer system to provide the actuary with

accurate information was noted as a serious deficiency.

2. The budget includes \$50,387 in FY92 and \$56,952 in FY93 for general program improvements which include recodifying retirement statutes, expanded office space, increased postage, office supplies and furniture, and additional postage meter rental fees.

3. Contracted services increase by \$25,810 in FY92 and \$25,579 in FY93.

Funding
The division is funded from interest earned on investments held in trust for the retirement systems. The proposed increases above the base will not cause an increase in the employer/employee retirement contribution rates.

TEACHERS RETIREMENT BOARD

Full Time Equivalent Employees Personal Services Operating Expenses Equipment Total Agency Costs	Actual 11.50 258,672.28 237,954.99 13.817.48 \$\$510,444.75	Appropriated 11.50 286,818 186,723 2,089 5475,630	Base 11.50 283,999 183,888 2,089 2,089 8469,976	636 147,760 18,593 \$166,989	Base Incr/Decr Recommended 1.50 .00 11.50 ,999 636 284,635 ,888 147,760 331,648 ,976 \$166,989 \$636,965	Base 11.50 283,644 175,323 2,089 \$461,056	634 124,760 12,400 12,400	Fiscal 1993 Incr/Decr Recommended .00 11.50 124,760 300,083 12,400 14,489 \$137,794 \$598,850
Non-expendable Trust Fund Total Funding Costs Teachers Retirement Total Program Costs	\$510,444,75 \$510,444,75 \$510,444,75 \$510,444,75	475,630 \$475,630 475,630 \$475,630	\$469,976 \$469,976 469,976 \$469,976	\$166,989 \$166,989 \$166,989	636,965 \$636,965 636,965 \$636,965	461,056 \$461,056 461,056 \$461,056	\$137,794 \$137,794 137,794 \$137,794	\$598,850 \$598,850 \$598,850 \$598,850

Agency Description

The Teachers Retirement System provides retirement, disability, and survivor benefits to The Teachers Retirement Board is responsible for the administration of the retirement system. The board is composed of the superintendent of public instruction and five members appointed by the Governor. The system is administratively attached to the Department of Administration. participating teachers and their beneficiaries.

Budget Issues

Increases Above Base

The executive budget recommends four major increases:

1. An increase of \$100,000 is recommended in each fiscal year of the 1993 biennium for data processing enhancements which will enable TRS to comply with recent changes in tax laws and regulations by updating its data base to provide faster, more accurate information to its members and retirees

2. An increase of \$17,900 in FY92 and \$12,400 in FY93 bicnnium to expand depreciated computer and office equipment.

3. An increase of \$13,000 is planned in each fiscal year of the 1993 bicnnium to expand the number of site visits conducted by staff to TRS participants.

4. An increase of \$25,000 in FY92 and \$1,500 in FY93 is recommended to transfer to increase of \$25,000 in FY92 and \$1,500 in FY93 is recommended to transfer to increase of \$25,000 in FY92 and \$1,500 in FY93 is recommended to transfer to increase of \$25,000 in FY92 and \$1,500 in FY93 is recommended to transfer to increase of \$25,000 in FY92 and \$1,500 in FY93 is recommended to transfer to increase of \$25,000 in FY92 and \$1,500 in FY93 is recommended to transfer to increase of \$25,000 in FY92 and \$21,500 in FY93 is recommended to transfer to increase of \$25,000 in FY92 and \$21,500 in FY93 is recommended to transfer to the increase of \$25,000 in FY92 and \$21,500 in FY93 is recommended to transfer to increase of \$25,000 in FY92 and \$21,500 in FY93 is recommended to transfer to increase of \$25,000 in FY92 and \$21,500 in FY93 is recommended to transfer to the increase of \$25,000 in FY92 and \$21,500 in FY93 is recommended to transfer to the increase of \$25,000 in FY92 and \$21,500 in FY93 is recommended to transfer to the increase of \$25,000 in FY92 and \$21,500 in FY93 is recommended to the increase of \$25,000 in FY92 and \$21,500 in FY93 is recommended to the increase of \$25,000 in FY93 is recommended to the increase of \$25,000 in FY93 is recommended to the increase of \$25,000 in FY93 is recommended to the increase of \$25,000 in FY93 is recommended to the increase of \$25,000 in FY93 is recommended to the increase of \$25,000 in FY93 is recommended to the increase of \$25,000 in FY93 is recommended to the increase of \$25,000 in FY93 is recommended to the increase of \$25,000 in FY93 is recommended to the increase of \$25,000 in FY93 is recommended to the increase of \$25,000 in FY93 is recommended to the increase of \$25,000 in FY93 is recommended to the incr cabinets to accommodate additional retirees due to limited space in the building. Transferring the information to updatable microfiche will add approximately 100 square feet of useable space.

The Teachers Retirement System is funded through interest earned on investments held in trust for the retirement system.

LONG RANGE BUILDING PLAN

or Recommended	00.	0\$ 00 00 00 00 00 00 00 00 00 00 00 00 0
Fiscal 1993 Incr/Decr		
Base	00.	
scal 1992Incr/Decr Recommended	00.	
Fiscal 1992 Incr/Decr	00.	
Base	00.	
Fiscal 1991 Appropriated	00.	000000000000000000000000000000000000000
Fiscal 1990 Actual	00.	2,789.56 204,199.69 9,540,463.47 1,698,778.45 36,413.77 \$11,482,644.94 1,933,093.45 7,833,771.66 8,230.50 \$11,482,644.94 7,471,820.48 1,995,886.54 2,014,937.92 \$11,482,644.94
	Full Time Equivalent Employees	Operating Expenses Equipment Capital Outlay Transfers Debt Service Total Agency Costs State Special Revenue Fund Federal Special Revenue Fund Capital Projects Fund Proprietary Fund Proprietary Fund Total Funding Costs University System Institutions Total Program Costs

Agency Description

In 1965 the legislature implemented the Long-Range Building Program to provide funding for the construction, alteration, repair, and maintenance of state-owned buildings and grounds. The program was developed in order to present a single, comprehensive and prioritized plan for allocating state resources for the purpose of capital construction and repair of state-owned facilities. The program is described in 17-7-201 through 17-7-204 and 18-2-101 through 18-2-105, MCA.

The Governor's LRBP executive budget recommendations for the 1993 biennium are presented in the front portion of the budget book.

DEPARTMENT OF AGRICULTURE

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992Incr/Decr Recommended	ecommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	94.05	97.84	91.59	5.12	96.71	91.59	5.50	97.09
Personal Services	2,354,911.62	2,761,729	2,559,223	176,868	2,736,091	2,558,655	185,469	2,744,124
Operating Expenses	1,124,896.59	1,665,428	1,137,507	290,231	1,427,738	1,144,208	348,231	1,492,439
Equipment	223,187.50	139,112	81,188	176,847	258,035	81,188	87,870	169,058
Grants	1,891,292.10	2,387,231	2,513,481	-58,587	2,454,894	2,513,618	-55,705	2,457,913
Total Agency Costs	\$5,594,287.81	\$6,953,500	\$6,291,399	\$585,359	\$6,876,758	\$6,297,669	\$565,865	\$6,863,534
General Fund	1,523,863.60	1,615,600	1,529,121	-587,396	941,725	1,526,725	-737,586	789,139
State Special Revenue Fund	3,418,144.66	4,569,943	4,158,718	1,091,070	5,249,788	4,166,118	1,221,876	5,387,994
Federal Special Revenue Fund	386,603.50	470,184	298,271	82,450	380,721	299,136	81,658	380,794
Proprietary Fund	7,798.68	10,561	11,168	50	11,218	11,241	30	11,271
Expendable Trust Fund	257,877.37	287,212	294,121	-815	293,306	294,449	-113	294,336
Total Funding Costs	\$5,594,287.81	\$6,953,500	\$6,291,399	\$585,359	\$6,876,758	\$6,297,669	\$565,865	\$6,863,534
Centralized Services	413,579.62	416,122	448,289	1,269	449,558	449,058	1,681	450,739
State Grain Laboratory	476,420.44	526,384	378,234	158,696	536,930	378,781	139,657	518,438
Environmental Management	2,296,240.12	2,836,587	2,510,536	371,370	2,881,906	2,512,824	369,291	2,882,115
Plant Industry	553,321.75	629,759	622,500	2,093	624,593	623,468	3,959	627,427
Agricultural Development	1,854,725.88	2,544,648	2,331,840	51,931	2,383,771	2,333,538	51,277	2,384,815
Total Program Costs	\$5,594,287.81	\$6,953,500	\$6,291,399	\$585,359	\$6,876,758	\$6,297,669	\$565,865	\$6,863,534

Agency Description

organization of farmers; gather and distribute marketing information; and administer regulations pertaining to production and marketing of food and fiber products. The Department of Agriculture was established by Article XII, Section I of the Montana agricultural and allied industries in Montana; collect and publish statistics relating to the production and marketing of agricultural products; assist, encourage, and promote the Constitution. The department is designed to encourage and promote the interests of all

Budget Issues

Department Reorganization

In FY90 the department instituted two program reorganizations which are reflected in the 1993 biennium budget. First, the State Grain Laboratory was organizationally moved from the Plant Industry Division and became an independent department program which reports directly to the deputy director. Second, the Noxious Weed Program was moved from the Agricultural Development Division to the Environmental Management Division.

Sunset of Agricultural Counseling and Mediation Program

The Agricultural Counseling and Mediation Program sunsets July 1, 1991; therefore, the 1993 biennium base was reduced \$169,758 to reflect the program sunset. The \$169,758 is composed of \$43,539 general fund, \$65,608 counseling fees, and \$60,611 federal funds.

State Grain Laboratory Program Increases

The State Grain Laboratory budget includes two increases. First, the lab base was increased by 1.50 FTE and \$88,356 each year over FY91 appropriations in order to continue a program transfer required in both FY90 and FY91. The program transfer addressed the increased volume of grain samples inspected and analyzed. The base increase is funded by state special revenue grain lab inspection fees.

lab workload. For FY90 and FY91 a budget amendment was approved which added 2.00 FTE to the lab. The 1993 biennium budget continues the two positions and also includes Second, the 1993 biennium budget is increased 2.00 FTE and \$106,868 for the expanded \$20,000 in FY92 for laboratory equipment which will be used to determine the percentage of oil in canola, flaxseed, sunflower seed, rapeseed, and safflower seed.

the revenues deposited into a state special revenue account which will be used to replace all general fund support for the programs. The 1993 biennium budget includes a funding switch for the Pesticide and Groundwater These general fund expenditures were partially offset by pesticide registration and licensing fees which were deposited to the general fund. The 1993 biennium budget and related legislation propose that pesticide registration and licensing fees be increased and Programs. In the 1991 biennium the program costs were financed by the general fund Pesticide and Groundwater Programs Increases and Funding Changes

50.00 45.00 10,00 15.00 45.00 \$89,802 \$1,078,000 \$1,043,556 \$2,313,574 FY92-93 \$200.00 Total 50.00 45,00 10.00 15.00 890.00 50.00 FY90-91 0.00 Agricultural Chemical 0.00 0,00 0.00 0.00 0.00 0.00 FY92-93 \$110,00 Pesticide Registration And Licensing Fees Ground Water (1) \$50 first four applicators for each agency \$5 for each additional Program 0.00 0.00 0.00 0.00 0.00 0.00 FY90-91 \$15.00Per Fiscal Year Table I \$953,754 \$1,235,574 45.00 FY92-93 390.00 50.00 50.00 10.00 15.00 45,00 (2) \$10 first two operators, \$5 for each additional Pesticide Program FY90-91 50.00 50.00 45.00 10.00 15.00 0.00 Type Of Registration Gov't Applicator (1) Farm Applicator (3) Comm. Operator (2) Pesticide Reg./Prod. Comm. Applicator Biennium Total Gov't Dealer Or License

(3) \$1.5 fee for five year period, 1/5 of the farm applicator permitted per year

fees and licenses, and the fees and licenses allocated to the pesticide and groundwater programs. The table shows the recommendations for a \$110 increase in pesticide Table 1 details the current statutory pesticide registration fees and licenses, the proposed registration fees and the creation of a \$45 retailer license as discussed below. In FY90 the pesticide registration and licensing fees deposited to the general fund equalled approximately 80% of the program expenditures. Therefore, the general fund

entirely with state special revenue eliminates a general fund subsidy of approximately \$117,000. In addition, approximately \$220,000 of general fund administrative overhead expenditures are replaced by state special revenues for a total general fund savings of was subsidizing 20% of the program costs. The recommendation to finance the programs \$337,000 for the biennium.

The executive budget also increases the pesticide and groundwater services by 3.12 FTE and \$420,926 in FY92 and 3.50 FTE and \$420,321 in FY93. The increases provide staff

and resources needed to implement the Agricultural Chemical Groundwater Protection Program, which was enacted by the 1989 Legislature. Staff increases are for a pesticide specialist, chemist, groundwater specialist, and a 0.50 FTE typist position increased to 1.00 FTE. The recommended budget also adds \$125,000 in FY92 and \$151,000 in FY93 for contractual water assessments and analysis.

Privatize Wheat and Barley Committee

biennium. However, the Governor will support an anticipated agricultural industry legislative proposal to privatize the committee. If the committee is privatized, the department will continue the collection functions through a voluntary check-off The executive budget contains the Wheat and Barley Committee for the 1993 and transfer the funds to the privatized Wheat and Barley Committee for use under statutory guidelines.

If the committee is privatized, the department would continue to collect wheat and barley revenue. However, the department would not be providing administrative In the executive budget, wheat and barley state special revenue finances \$48,300 per year of the Centralized Services Division overhead and administrative costs. and accounting functions. Therefore, the executive recommends that 0.3% of the wheat and barley revenue collected, approximately \$5,400 per year, be assessed by the department for collection costs and the general fund replace \$42,900 per year of lost wheat and barley revenues in the Centralized Services Division.

Growth Through Agriculture Grant Appropriation Language
The executive recommends continuation of language that provides appropriation
authority to state agencies which receive Growth Through Agriculture grants.

State Grain Laboratory Appropriation Language

The executive recommends continuation of language which deems the emergency criteria for approval of budget amendments are met if the workload at the grain aboratory requires additional resources beyond the amounts appropriated.

Technical Accounting Appropriation Language

The executive recommends continuation of appropriation language to identify certain trust account revenues -- hail insurance and rural development trust funds -- as proprietary

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr R	scal 1992	Base	Fiscal 1993 - Incr/Decr	Recommended
Full Time Equivalent Employees	2,094.05	2,119.47	2,060.19	-175.29	1,884.90	2,060.19	-213.11	1,847.08
Personal Services Operating Expenses Equipment Capital Outlay Local Assistance Grants Debt Service Total Agency Costs	51,137,041,45 17,922,212,52 371,668.82 318,367.91 1,122,592.00 7,462,994.12 19,754.37	55,356,894 20,733,568 670,387 178,580 1,105,000 7,757,131 43,168 \$85,844,728	55,098,954 17,588,217 556,606 16,500 1,090,000 7,253,672 37,672 \$81,641,621	-4.235.579 793.191 256,664 0 2.592.552 113,095	\$0,863,375 18,381,408 813,270 16,500 1,090,000 9,846,224 150,767 \$81,161,544	55.244,654 17.803,099 562,177 16,500 1,090,000 7,253,672 31,396 \$82,001,498	-5,253,023 790,977 10,746 0 2,148,999 112,829 8-2,189,472	49,991,631 18,594,076 572,923 16,500 1,090,000 9,402,671 144,225 \$79,812,026
General Fund State Special Revenue Fund Federal Special Revenue Fund Proprietary Fund Total Funding Costs	66,042,016.40 5,117,416.56 4,672,328.08 2,722,870.15 \$78,554,631.19	70,251,146 5,798,964 6,428,454 3,366,164 \$85,844,728	68,925,023 5,480,952 4,210,743 3,024,903 \$81,641,621	-1,670.328 440.206 776,038 -25,993 \$-480,077	67,254,695 5,921,158 4,986,781 2,998,910 \$81,161,544	69,291,538 5,464,821 4,210,712 3,034,427 \$82,001,498	-2,778,292 470,506 150,288 -31,974 8-2,189,47 2	66,513,246 5,935,327 4,361,000 3,002,453 \$79,812,026
Central Operations Alcohol & Drug Abuse Corrections Systems Mental Health System Chemical Dependency System Developmental Disability System Veteran's Nursing Home Total Program Costs	1,573,645.00 26,114,985.64 29,962,762.51 3,523,752.77 14,992,259.62 2,387,225,65 \$78,554,631.19	1,586,956 1,105,000 27,353,254 33,162,267 3,813,562 16,181,808 2,641,881 \$85,844,728	1,705,912 0 26,199,875 30,694,238 5,201,908 15,228,951 2,610,737 \$81,641,621	260,966 2,287,216 -2,622,795 936,957 -1,352,539 10,118 \$-480,077	1,966,878 0 28,487,091 28,071,443 6,138,865 13,876,412 2,620,855 \$81,161,544	1,706,217 0 26,304,873 30,864,012 5,191,805 15,300,885 2,633,706 \$82,001,498	249,067 0 2,499,562 -2,936,519 411,930 -2,423,762 10,250 8-2,189,472	1,955,284 0 28,804,435 27,927,493 5,603,735 12,877,123 2,643,956 \$79,812,026

Agency Description

The Department of Institutions is provided for in 2-15-2301, MCA.

The purpose of the department is to utilize at maximum efficiency the resources of state government in a coordinated effort to develop and maintain comprehensive services and programs in the fields of:

- adult corrections; mental health;
- chemical dependency;
- inpatient institutional care for those developmentally disabled that require such care according to requirements of Title 53, chapter 20, and nursing home care for honorably discharged veterans as provided by law
- Veterans Nursing Home Program. Restructure Plan **Budget Issues**

In carrying out these purposes, the department provides for the comprehensive management of five distinct human services delivery systems designed to meet the various special needs of the citizens of Montana. The five human services delivery systems are: the Adult Corrections System; the Mental Health System; the Chemical Dependency System; the residential component of the Developmental Disabilities System; and the

providing mandated services. This restructuring plan will be accomplished within the current DOI budget. Unforseen reorganization and start-up costs may be incurred for a The Department of Institutions (DOI) has included in the 1993 biennium budget a restructure plan which promotes the efficient use of limited state resources while

short period of time; however, cost savings should offset start-up costs. It is expected that restructuring will increase program efficiency and cost effectiveness of department operations and maximize the revenue available to the department. The restructure plan affects all five human services systems for which the department has responsibility.

The following language, included in past biennia appropriations bills, is recommended for the 1993 biennium general appropriations act:

The department is authorized to maintain a cash balance of not more than \$16,000 at the end of each fiscal year in the prison industries training proprietary account. Any funds in excess of \$16,000 in the proprietary account shall be decreased by the approving authority in excess of the appropriation provided in the general appropriations act.

Notwithstanding any line item provisions approved by the 1991 Legislature for personal services, if the Department of Institutions is unable to recruit and hire professional positions funded in the appropriation and required for patient treatment and/or certification, it may transfer up to 100% of the aggregate personal services cost of each class of vacant position or the cost of the required contract, whichever is the lesser, to operating expenses for the purpose of contracting for services that would have been provided if that position were filled. The department shall certify to the Governor or his designated representative that: 1) the department is unable to fill the position(s); and 2) the services that would be provided by that position if filled and by the proposed contract are necessary for either federal medicaid certification or the treatment requirements of its correctional institutions.

Department programs may transfer between line items in excess of 5% of the total appropriation authority in each line item upon approval of the governor or his designated representative.

Proposed Closure of the Montana State Hospital Galen Campus

Governor Stephens proposes to cease operations at the Galen campus by July 1, 1991. Three programs affected are: the Acute Care Hospital; the Intermediate Care Facility; and the Chemical Dependency Program. Due to under-utilization, to the fact that more appropriate care is available at other state or private facilities, and to an inefficient, outdated, and under-utilized infrastructure, the proposal was initiated. Alternatives of the proposal are discussed in individual programs throughout the following narrative.

Criminal Justice and Corrections Advisory Council

The Criminal Justice and Corrections Advisory Council (CJCAC) was created by Executive Order 17-89. The Governor's order directed the council to focus its efforts on the following areas:

To address the needs of Montana female offenders;

2. To develop statistical data on Montana sentencing statutes and practices and to review sentencing and release practices;

 To further examine ways to address the crowding problems in adult male correctional institutions and provide viable alternatives for addressing both male and female population problems.

The council began meeting in September 1989 to provide Governor Stephens with recommendations to the problems of the Montana correctional system. Council work culminated with 17 recommendations which could alleviate prison overcrowding in Montana through 1995. The Governor approved 13 of the 17 recommendations and partially approved three others. Recognizing that, as costly as some of the recommendations are, the combination of construction and administrative options appears to be the only viable way of meeting the needs that will be evident through FY95 for the projected inmate population.

Long Range Building Program Recommendations

Correctional system overcrowding is at a crisis level in Montana and has been for several years. The analysis of the forces determining correctional population growth indicates that no decline in such growth can be expected in the near future. Recommendations to address the overcrowding crisis include construction of additional support facilities and two high-security housing units on the Montana State Prison campus. These recommendations are being presented to the Long-Range Planning Committee in the bonded program at a recommended cost of \$19,360,745.

The FY90 MSP population has varied between 1,125 and 1,142 inmates, a figure well above single-cell capacity and close to the support facility limit of the MSP campus. The department male inmate population projections, based on very conservative assumptions, indicate that the male inmate population will number at least 1,810 by FY95. The department intends to serve 345 of those inmates in community-based programs. The remainder, or about 1,465 inmates, will require secure prison housing.

The Long Range Building cash program includes \$1,797,949 for miscellaneous repair of roofs, parking lots, roads, sub drainage, and other items throughout the institutions. The most significant cash program recommendation is the preliminary design of the MSP facility for \$877,500.

Central Operations

Base adjustments made in restructuring DOI were the transfer of 5.00 FTE from Chemical Dependency, Corrections, and Mental Health Divisions to consolidate a secretarial pool in the central office. In addition, a newly created Special Service Operations includes the institutional components of the developmental disabilities system and the state veterans nursing home as well as 3.00 FTE to perform department wide functions. One of the secretarial positions transferred was deleted from the Management Services budget.

Increases above the base include Board of Pardons (BOP) liability insurance of \$,4,000 due to the settlement of a lawsuit in January 1990 and equipment of \$3,059 added to the Management Services budget.

The executive budget recommends adding a 1.00 FTE pre-parole programmer and associated costs at the BOP to help deal with the excessive caseload and facilitate parole release. General fund cost is \$58,936 in the 1993 biennium. A medical director and facility manager plus associated operating expenses are recommended in Special Services Operations. The medical director will be responsible to oversee all policy and operational issues concerning medical functions within the department human services system. The facility manager will be responsible for preventive maintenance, energy efficiency, reconstruction, code compliance, long range planning, and new construction management. The increased cost is general fund of \$133,720 in FY 92 and \$128,328 in FY93.

DOI plans to upgrade its main frame data processing capabilities on a department wide basis. Replacement of the current System/38 with an AS/400 is budgeted at \$98,273 in FY92 and \$95,932 in FY93, including hardware, software, telecommunications upgrades, and maintenance expenses. The AS/400 is being purchased through a five-year lease/purchase agreement.

Corrections System

which reduced institutional worker rates significantly. Operating costs are increasing partially due to a reallocation of prescription services and a 5% increase in the drug contract with Health Care Services Inc. (HPI). Repair and maintenance increases at the WCC due to the increased maintenance and upkeep requirements of the building. Insurance and bonds increase at Swan River Forest Camp (SRFC) by \$5,200 in FY92 and Personal services reflects a decrease due to an adjustment in workers' compensation rates

to a cost over-projection for the product in the 1991 biennium. HB795, enacted by the 51st Legislature, authorized issuance of collegiate license plates. The biennial appropriation of \$25,000 was not expended in FY90-91 but has been budgeted in the 1993 The license plate factory at MSP reflects a reduction of \$45,800 in aluminum supplies due

Women's Correction Center

Female Offender Program and Population Increase - SB38, passed in the 51st Legislative Session, requires the DOI to develop and submit a comprehensive plan for housing adult female inmates to the 52nd Legislature. The Governor also acknowledged program problems by continuing the Criminal Justice and Corrections Advisory Council and including a study of the needs of Montana women offenders. The Women's Correction Center currently houses 55 inmates or five more than were budgeted in FY91. The 2.00 FTE staff increase will provide intensive treatment programs required by the court to be completed before parole can be considered. General fund cost is \$178,460 in the 1993 biennium. The proposal to close the Galen Alcohol Service Center and the Lighthouse Drug The budget includes 1.00 FTE chemical dependency counselor to replace the treatment Treatment Program will diminish services that have been accessible to WCC residents. services using \$28,500 of earmarked state special revenue alcohol funds each year of the 1993 biennium.

Based on population projections and current overcrowding at WCC, the creation of a 16-bed women's pre-release center is recommended. The general fund cost is \$278,119 in FY92 and \$237,043 in FY93.

Currently the population is at 12. Increased variable costs associated with the additional 2.4 residents are recommended at a general fund cost of \$3,110 each year of the 1993 biennium. The FY91 budget funds Billings Life Skills Center at 9.6 residents.

and Missoula. As a result of professional and public support for this sentencing alternative to incarceration, another program for five women is recommended in Great Falls. Currently, each program has the capacity for five women. The programs will Two Intensive Supervision Programs (ISP) have been successfully developed in Billings

women suitable for the program in a community, the slots could be used for men. Total cost for the five new slots in ISP is approximately \$40,000 general fund for the 1993 biennium. The remaining recommendation cost is in MSP. maintain the capacity for five but retain flexibility. For example, if there are not enough

FY90 or 42.51 inmates more than budgeted. The FY91 budget is for 1086.75 or 6.01 less Montana State Prison (MSP) experienced 1092.76 average daily population (ADP) in than current ADP. The 1993 biennium budget recommendations which provide for expanded community alternatives to assist in alleviating prison overcrowding are:

slots in Missoula funded by the 1989 Legislature. The budget recommends 20 more slots in Great Falls in FY92-93. This program will be used as a diversion for offenders community programs has the capacity for 20 men but retains the right of flexibility. If 1. An Intensive Supervision Program (ISP) for men was established as an incarceration alternative. The success of the initial program in Billings led to an increase of 25 more sentenced to prison with an average length of stay of six months. Each of the three there are not 20 men suitable for the program, the vacant spots could be used for women. Total cost for the 20 new slots is approximately \$160,000 general fund for the 1993 biennium. The remaining recommended cost is in WCC.

2. Due to increased caseloads, additional probation and parole officers are recommended

However, if the probation and parole officers are given manageable caseloads, the number of revocations may decrease due to greater supervision. The general fund cost is \$132,749 for 3.00 FTE officers in FY92 and \$136,586 for 4.00 FTE officers in FY93.

3. Jail placement for parole violators as an alternative to prison is recommended at a to assist inmates with parole plans. There is no direct impact on the prison population.

general fund cost of \$132,240 over the 1993 biennium. It is estimated that parolees or pre-release center residents who violate their conditions would spend an average of 30 to 60 days in jail as a graduated sanction to serve as an alternative to incarceration.

release centers. The recommended increase is \$269,279 general fund over the 1993 Increases also are reflected in the medical budget for MSP, WCC, SRFC, and

5. The new men's prison facility, approved by the 51st Legislature, requires an additional 9.60 FTE to staff living space for inmates temporarily converted from administrative and storage space in Rothe Hall. Construction of the new 96-bed men's housing unit will be complete in January 1991. The executive budget continues the 9.60 FTE and adds 12.00 FTE in FY92 and 22.60 FTE in FY93 to staff the new unit. The increased cost is general fund of \$570,878 in FY92 and \$800,791 in FY93.

6. The recommendation for variable costs reflects amounts for 48.25 inmates to bring the population to the maximum capacity of 1,135 at MSP. General fund cost is \$80,858 each year of the 1993 biennium.

government unit responsible for committing an individual to a local detention center shall pay the cost for holding the individual. Consequently, DOI is required to pay the costs of jail placement pending a due process hearing for individuals who violate their parole New statute 7-32-2242, MCA, enacted by the 1989 Legislature, states that the or pre-release agreements. The jail costs are budgeted at \$66,990 general fund each year for 1,519 parolees and 149 pre-release inmates at \$38.50 per day.

8. The MSP chemical dependency program will have to provide additional services previously provided at Galen. There are 3.00 FTE drug rehabilitation positions and 1.00 FTE support staff to provide the service with state special revenue alcohol funds at a cost

9. Swan River Forest Camp also will need to replace the services formerly provided at Galen and Lighthouse. There are a 1.00 FTE drug rehabilitation counselor and a 0.50 FTE secretary recommended at a cost of \$78,175 state special revenue alcohol funds in

e 1993 biennii

10. Community service programs have gained recognition across the country as viable sentencing alternatives to prison for selected non-violent offenders. The Montana Board of Crime Control awarded a grant to DOI in FY91 for the creation of a community service program in Missoula. It is anticipated the grant will continue to be funded in the 1993 biennium with matching funds from the county and from participant fees. Continuation of the budget amendment adds a 0.50 FTE community service coordinator, a 0.50 FTE secretary, and associated operating expenses for a total of \$35,048 in FY92 and \$35,037 in FY93.

11. Montana pre-release centers were established in the early 1980s to provide transitional services to inmates prior to parole or discharge. Changes in parole practices and increased prison crowding have created a need for more counseling at the pre-release center level. The recommended budget includes the creation of an additional 25 bed pre-release center for men and expansion of three of the four existing pre-release centers by a total of 25 beds. General fund costs are \$486,395 in FY92 and \$508,145 in FY93.

12. A substantial portion of Montana prison admissions are non-violent offenders with no prior convictions. House arrest is a sentencing alternative successfully instituted in numerous areas by contracting with a private corporation to provide an integrated system of community-based sanctions to selected inmates. The general fund cost of providing 15 new slots is \$45,000 each year of the 1993 biennium

15 new slots is \$45,000 each year of the 1993 biennium.

13. Some 240 parole-eligible inmates at MSP are in "waiver status" and another 419 are in "annual review status". These two groups comprise more than one-half of the prison population. In addition, a substantial number of new prisoners become parole-eligible within their first year of incarceration. There are 2.00 FTE targeted case managers and related operating costs recommended to assist inmates in preparation of institutional treatment plans, parole plans, and scheduling of treatment and parole hearings at an approximate general fund cost of \$55,000 each year of the 1993 biennium.

Mental Health System

Mental Health operations base is reduced due to legislative intent to delete the Mental Health Planning Grant, associated FTE, and operating costs at the end of the 1991 biennium. An administrative FTE was moved to the special service operations in Central Operations Program through restructuring.

Due to the recommended closure of Galen, 136.85 FTE were deleted from the Montana State Hospital (MSH) budget. Another 0.50 nurse position was deleted as it has been vacant since November 1987. Six positions were moved from the Chemical Dependency System to provide chemical dependency care for the mental health system and continue to be funded with state special revenue alcohol funds.

Additional general fund in the amount of \$357,000 has been added to MSH prescription drugs each year of the 1993 biennium. These funds will be used for the medications and services received under the Clozaril Patient Management System (CPMS). Clozaril is an antipsychotic medication recently approved for use by the Federal Drug Administration which offers new hope in the treatment of severely ill schizophrenic patients who have failed to respond adequately to treatment with appropriate courses of standard

antipsychotic drugs. Clinical studies have shown that 30% of Clozaril patients have experienced dramatic global improvements. Clozaril is distributed only through the CPMS. This is a system of white blood cell testing, pharmacy, clinical laboratory and drug distribution services all linked to compliance with required safety monitoring.

The Center for the Aged (CFA) decrease in personal services is due to reduced workers' compensation rates which especially impacted institution workers. The decrease of 4.49 FTE in FY93 is due to fewer residents participating in the resident work program. Donations funding increases \$2,200 each year.

Data Grant Modification - Federal grant funds of \$133,875 for the 1993 bicnnium are recommended to enable the department to develop and enhance computerized data systems for the collection and analysis of client and service data. This grant is a continuation of a uniform and integrated mental health data system which began during FY90.

Community MH Increase - Part of the department plan for mental health services is to shift emphasis from institutional to community-based services. The base for the FY92-93 biennium does not include total funding for these increases because the 1989 Legislature included language that this ongoing support was to be presented to the 1991 Session for review and re-authorization. Recommended funding is \$206,545 general fund each year. This recommendation only restores the program to the FY91 appropriated level.

Center for the Aged Direct Care Modification - Pursuant to the closing of Galen, the CFA anticipates the admission of 50 intermediate care residents from Galen and Warm Springs. These residents require an increased level of care compared to the current CFA residents. Additional direct care staff of 12.80 FTE are recommended to meet heightened Medicaid Patient Assessment Scores (PAS) at a general fund cost of approximately \$270,000 each year of the 1993 biennium.

Center for Aged Additional FTE Modification - With the proposal to close Galen and transfer 50 residents to CFA, the budget adds 5.53 FTE in FY92 and 3.73 FTE in FY93. Personal services and operations costs totalling \$387,503 general fund for the 1993 biennium will be necessary to provide the needed care.

CASSP Grant Modification - The Child and Adolescent Service System Program federal grant of \$13,547 in FY92 funds the development of a comprehensive service system for emotionally disturbed children which makes efficient use of all available health, education, and social service programs.

Homeless Block Grant - This budget modification allows the department to expend \$275,000 of federal grant funds allocated to Montana each year. These funds will be contracted to community mental health centers to provide outreach and case management services for adults with severe disabling mental illnesses who are homeless or in danger of becoming homeless.

Chemical Dependency System

This program combines previous operations in community programs with Galen, Acute Care Services (ACS), and Lighthouse. Base adjustments made to accomplish this restructure include:

Health System; two positions were moved from Alcohol and Drug Abuse Division 21.00 FTE were transferred from Montana State Hospital (MSH)/Galen to MSH Mental (ADAD) to central operations.

	GF/Biennium	\$829,281) \$931,973 (\$6,410,777) -0- 150,000	5,158,085)
Closure	FTE GF	-69.65 (\$18.33	-185.42 (\$6,158,085)
Table I Galen/Lighthouse Closure	Program Change	MSH Chemical Dependency Center for Aged Increases MSH Mental Health Program Galen Alternatives TB Patient Alternatives	TOTAL SAVINGS

One component of DOI restructuring is recommended closure of the Galen portion of the providers, by transferring chemical dependency programs to private providers, and by transferring responsibility for the Galen campus to the Department of State Lands. Montana State Hospital by transferring nursing home patients to other state-approved

Currently there are vacant beds at both facilities. As shown in Table I, the Galen closure recommendation will result in a net reduction of 185.42 FTE and \$ 6,158,085 general fund for the 1993 biennium. At the same time, the restructuring will enable an equal or The state offers nursing home care at the Center for the Aged and Montana State Hospital. greater number of people to continue to receive chemical dependency treatment services.

administrative purposes and approximately \$3 million state special revenue alcohol funds Chemical Dependency System \$82,235 of federal authority in FY92-93 to continue a Galen Alternative Modification - This modification presents the chemical dependency community support program which will serve as an alternative to in-house alcohol and drug treatment programs currently located on the Galen campus of MSH. The department proposes to contract with local in-patient treatment programs for patients previously housed at Galen. The 1993 biennial recommended budget includes 2.75 FTE for plus transfer of \$900,000 general fund from Galen and the Lighthouse drug treatment program. In addition, \$60,000 federal block grant funds are proposed to be used for three-year project to develop a uniform alcohol and drug abuse data collection system which began during FY90 to replace the current information system. administrative costs. Data Grant Modification - This modification provides the DOI

CYAP Modification - Community Youth Activity Project Demonstration Grant federal revenue of \$523,583 in the 1993 biennium will be used for prevention activities in Montana. A 1.00 FTE project evaluator position will be responsible for providing prevention services to the communities, prevention programs, and state approved treatment programs. Remaining revenue will be used to fund operations and provide grants to local agencies.

Developmental Disability System

The Montana Developmental Disabilities Service System (MDDSS) action plan is the result of Governor Stan Stephens' commitment to develop a service delivery system that will meet the individual needs of each Montana citizen with developmental disabilities

The plan is a four phase implementation of the mission:

1. MDC instituted a staff enhancement plan and met Medicaid certification requirements during a March 1990 inspection. Also, following court petitions, six MDC residents were placed in less restrictive, community-based treatment environments.

Eighteen MDC residents were placed in community-based intensive group homes because their care, treatment, and support needs did not fit the MDC revised mission. Phase two was completed by October 1990.

3. The Specialized Service and Support Organization (SSSO), authorized and funded by the 1989 Legislature, will be completed by June 1991 and ready for placement of 30 MDC or Eastmont Human Services Center (EHSC) residents and 22 persons from intensive community waiting lists. This phase also includes the request for approval and funding of a long-range proposal to the 1991 Legislature by the Departments of Institutions, Social and Rehabilitation Services (SRS), and Family Services, as presented

in the respective department sections of the Governor's budget.

4. The objectives of Phase IV are to further ensure that only those individuals who are appropriate for DD community and residential missions are served in those settings. This will result in a further reduction of residents at MDC, the expansion of community DD and the consolidation of the MDC campus. When Phase IV is fully implemented by July based waiting lists for intensive-level services will be substantially reduced, and children Rather, these difficult-to-place children will receive individualized, in-home care from their natural parents, adoptive parents, or foster care through a family support program plus specialized services jointly funded through SRS and DFS home and communityservices to meet the needs of adults and children with severe developmental disabilities, of 1992, the population at MDC will be approximately 110 individuals, the communitywith severe developmental disabilities will no longer be placed at MDC or out-of-state. based waivers.

settings and the related downsizing of Montana Development Center (MDC). Staff reductions include 56.80 FTE in FY92 and 97.85 FTE in FY93 and operating decreases of approximately \$2.8 million in the 1993 biennium. The Governor's action plan identifies general fund cost savings of \$3.1 million due to reduced population at MDC which are offset by equal increases in community-based fiscal obligations in the Departments of Family Services and Social and Rehabilitative Services. There is no reduction in commitment to meeting the needs of the developmentally disabled. The reduction in staff and operations reflects the placement of clients in community

A FY90 budget amendment added 21.50 FTE to increase program management and staff-to-client contact to meet certification. As the client population decreases throughout FY91, FY92 and FY93, staffing needs also decrease and the majority of these positions will be deleted, maintaining only those necessary to continue certification. Remaining are 3.83 FTE in FY92 and 2.00 FTE in FY93 at a general fund cost of \$137,564 in the 1993 biennium.

Medicaid revenue to the general fund will be mitigated for FY92-93 due to a rebase of

rates by SRS

Personal services; reflects a decrease of approximately \$80,000 each year at EHSC due to reduced workers, compensation benefit rates especially for institution workers. Reorganization under the MDDSS plan will not impact the population at EHSC, although, in Phase III of plan, EHSC residents will be considered for placement in the SSSO or other community-based openings.

EHSC requested additional staff to enhance programming and training required for medicaid certification. The 6.00 FTE staff authorized will be used to reduce the staff/client ratios for the purpose of increasing active treatment and the ongoing training of staff. Both medicaid conditions of providing active treatment and staff training were found out of compliance in FY89.

Veterans Nursing Home Program

The Montana Veterans Nursing Home in Columbia Falls reflects a reduction of 1,00 FTE aggregate resident care aide position which had been vacant since July 1987.

Prescription services reflect an increase in management fees and a redistribution of services among the participating institutions. The increase is \$23,695 general fund each year of the 1993 biennium.

The 1989 Legislature approved construction of a \$5 million 100-bed nursing home and increased cigarette taxes by two cents a pack to pay for 35% of the costs. The federal government will fund the other 65%. DOI submitted an application in July 1990 in order to place the state in priority group one for federal matching funds.

The department received notification from the Department of Veterans Affairs (DVA) confirming \$60 million for construction. The Glendive veterans home is 15th on the federal priority list of projects requesting money, but the 14 projects ahead of Glendive have asked for \$113 million in funds. Based on the latest communication with DVA officials in November 1990, it appears only the top 13 projects will be funded in the current federal fiscal year. The project will be at the top of the priority listing for FFY92.

DEPARTMENT OF COMMERCE

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 - Incr/Decr	Recommended	Base	Fiscal 1993 - Incr/Decr	Recommended
Full Time Equivalent Employees	336.33	335.62	307.21	00'6	316.21	307.21	9.00	316.21
Daecara Caminac	9 157 937 83	10 610 845	9.583.824	250,457	9.834.281	9.578,263	249,593	9,827,856
Operating Expenses	26.467.961.93	30,508,899	28,328,451	4,483,827	32,812,278	28,869,127	4,344,164	33,213,291
Fourinment	259,606.14	134,636	77,136	467,205	544,341	77,136	82,351	159,487
Canital Outlay	0.00	239,000	0	0	0	0	0	0
Local Assistance	1,590,614.74	1,361,676	1,118,676	0	1,118,676	1,118,676	0	1,118,676
Grants	20,939,800.97	33,103,012	24,118,722	4,655,783	28,774,505	24,123,722	4,972,793	29,096,515
Benefits and Claims	0.00	100,000	100,000	0	100,000	100,000	0	100,000
Transfers	5,352,676.92	5,377,071	6,146,113	40,150	6,186,263	7,145,949	-68,056	7,077,893
Debt Service Total Agency Costs	463 955 084 97	3,491	3,491	\$9.893.931	\$79,370,344	\$71,016,364	\$9,577,354	\$80,593,718
100000000000000000000000000000000000000			4 7 5 5 7	246.062	2170273	5 111 757	176.052	5 500 803
General Fund	5,321,038.40	2,945,502	#67'67#'6	200,042	0,0,0,0,0	10/11/0	20,071	730.00.04.1
State Special Revenue Fund	13,745,686.64	23,314,142	14,178,551	570,053	14,748,604	14,177,541	663,410	14,840,937
Federal Special Revenue Fund	17,611,179.37	20,135,828	18,087,341	5,646,765	23,734,106	18,077,517	157,550,5	25,733,248
Proprietary Fund	27,277,180.56	32,043,098	31,786,767	3,430,251	35,217,018	33,346,554	3,082,155	36,428,709
Total Funding Costs	\$63,955,084.97	\$81,438,630	\$69,476,413	\$9,893,931	\$79,370,344	\$71,016,364	89,577,354	\$80,593,718
Public Safety	61,720.16	137,329	138,049	828	138,877	137,505	813	138,318
Weight & Measures Bureau	409,567.75	451,193	444,211	66,639	510,850	443,960	7,967	451,927
Financial	744,024.49	837,431	844,388	31,262	875,650	842,506	7,717	850,223
Milk Control Bureau	287,465.38	287,448	288,306	3,756	292,062	288,246	3,753	291,999
Pol Bureau	2,401,866.79	2,773,064	2,834,294	223,747	3,058,041	2,826,571	216,069	3,042,640
Aeronautics	854,201.91	1,280,372	0	0	0	0	0	0
Transportation	2,423,552.32	2,781,635	0	0	0	0	0	
Business Development	2,627,206.25	2,844,939	2,740,840	1,150,294	3,891,134	2,740,575	1,151,202	3,891,777
Montana Promotion	5,161,471.94	4,721,392	4,763,151	1,075,611	5,838,762	4,762,120	1,393,642	6,155,762
Community Development Bureau	17,563,159.30	26,231,155	20,921,526	3,659,681	24,581,207	20,905,558	3,669,607	24,575,165
Office Of Res. & Info Services	205,020.19	290,836	311,699	77,649	389,348	310,206	65,541	375,747
Local Gov't Services-audit	1,030,408.74	1,162,224	1,172,926	65,299	1,238,225	1,169,499	55,125.	1,224,624
Local Gov't Services-systems	2,851,014.83	3,331,890	3,125,363	-52,354	3,073,009	3,122,379	-52,373	3,070,006
Local Govt Assistance Admin	101,322.13	104,065	105,914	14,160	120,074	105,979	14,160	120,139
Building Codes Bureau	1,162,708.99	1,290,364	1,270,330	211,041	1,481,371	1,269,297	17,309	1,286,606
Indian Affairs Coordinator	132,642.25	125,019	102,237	54,205	156,442	102,026	54,193	156,219
Health Facilities Authority	113,453.98	110,534	113,537	10,665	124,202	107,597	10,652	118,049
Mt Science & Tech Alliance	400,952.82	2,682,944	511,773	-1,/19	450°015	577,074	1+0.6-	111.710

Recommended	1,977,653 1,607,156 29,557,585 307,232 882,114 \$80,593,718
Fiscal 1993 Incr/Decr	-152,438 32,869 3,080,512 -15,620 26,501 \$9,577,354
Base	2.130.091 1,574,287 26,477,073 322,852 855,613 \$71,016,364
Recommended	2,048,922 1,711,753 28,061,009 307,522 961,830 \$79,370,344
Fiscal 1992 Incr/Decr	-138,857 33,111 3,403,943 -15,795 26,765 \$9,893,931
Base	2,187,779 1,678,642 24,657,066 3,23,317 935,065 \$69,476,413
Fiscal 1991 Appropriated	2,154,693 1,622,627 24,987,295 324,647 905,534 \$81,438,630
Fiscal 1990 Actual	1,572,436.71 1,387,261.58 21,414,810.91 228,442.90 820,372.65 \$63,955,084,97
	Board Of Housing Investments Montana State Lottery Board Of Horse Racing Director/management Services Total Program Costs

Agency Description

The Department of Commerce was created in 1981 to foster the development of the state economy through the provision of technical assistance, monetary assistance, and state business regulatory functions. The relationship between economic development and business regulation ensures that the department can strike an effective balance between planning for economic development. The department also includes public safety and the state need for economic development while protecting the public safety.

policy area for all regulatory programs. These programs are Lottery, Coordinator of Indian Affairs, Financial Division, Board of Horse Racing, Public Safety Division, Consumer Affairs Unit, and portions of the Local Government Assistance Division. In July, 1990, the Department was reorganized into the following four policy areas: 1) Economic Development which includes department programs in functional areas of investments, infrastructure, and business development. These programs are Board of Investments, Montana Science and Technology Alliance, Board of Housing, Health Facilities Authority, Business Development Division, Census and Economic Information, and portions of Local Government Assistance Division. (2) Tourism is the policy area for the Montana Promotion Division. (3) Administration which includes programs that provide overall administrative functions for the department. (4) Public Service and Safety is the

Reorganization

Three reorganizations impact the recommended executive budget:

- The Department of Transportation, as proposed by the Governor, includes the Transportation Division and the Aeronautics Division from the Department of Commerce. This accounts for a decrease of \$4,848,734 in FY92 and \$2,348,214 in
 - Community Development Block Grants (CDBG) is reduced by its economic development portion which was merged with the Business Development Division in FY93, as shown in the main table, from the 1991 appropriation.

Increases Above Base

Professional and Occupational Licensing

The Board of Dentistry proposes to provide rehabilitative services to dentists with substance abuse problems at a cost of \$25,000 state special revenue each year of the 1993 biennium

accommodate the large volume of pedestrian traffic generated by POL activities. The executive budget includes \$37,565 of state special revenue each year of the 1993 In FY91 the offices for the Professional and Occupational Licensing Bureau (POL) were relocated to the Arcade Building in downtown Helena. The move was necessitated by the need to consolidate Section 8 Housing and Local Government Services in one location within the Commerce Building; and the need for more suitable space which can better biennium for the increase in office rent.

Business Development Division

contributions each year of the 1993 biennium to be used for training programs, publications and directories. In addition, the executive budget contains a 4.00 FTE staff increase and related operating expenses at a cost of \$164,267 in FY92 and \$164,266 in FY93 for the Defense Logistics Agency (DLA) contract. The increase is a combination The executive budget recommends an increase of \$35,000 state special revenue private of federal and

private revenues for assistance and training to state businesses in bidding for federal contracts.

Community Development Block Grant (CDBG) funds. EDA/CDBG grant funds and loan repayments are used to make loans to Montana businesses with job-generation potential. The third business development increase is \$169,952 in FY92 and \$170,953 in FY93 to issue loans made possible from federal Economic Development Administration (EDA) and

coordinate international trade programs, is recommended to continue at a cost of \$55,079 each year of the 1993 biennium. Duties of the position include coordination of economic information; public relations; and exhibits at international trade fairs. These activities are funded with \$40,079 general fund and \$15,000 state special revenue. The international affairs coordinator, which was established in FY90 to support and prospecting; arranging appropriate protocols; exchanging education, professional, cultural

promoting and coordinating Montana exports, foreign investment, and agriculture, is budgeted at \$69,816 in FY92 and \$69,741 in FY93. This is funded with general fund of the 1993 biennium.

Montana Promotion Division

Due to increases in lodging facility tax revenues, there is an increase of \$1,034,028 in

Tax FY92 and \$1,352,234 in FY93 for the promotion of tourism within the state. proceeds are deposited to a state special revenue account.

Office of Research and Information Services

accessing the data, reproduce census maps, and replace obsolete computer equipment to ensure access to 1990 census data. In addition, due to the elimination of federal funding over the past two biennia, the executive budget adds \$20,000 general fund each year of and \$53,264 in FY93 to program the census data, provide specialized assistance in The Office of Research and Information Services (ORIS) is responsible for providing public access to census data. Only 20% of the data received from the U.S. Bureau of programs the data received from BOC into formats required by users, for example, census maps. The executive budget recommends 1.00 FTE and general fund of \$64,264 in FY92 Census (BOC) is printed. The remainder of the census data is available on data files, both magnetic computer tapes and compact disk read-only-memory (CD-ROM). the 1993 biennium for continuation of services.

Local Government Services

conducting government audits are required to have an external quality control review, or peer review, at least once every three years. These peer reviews are conducted by an The executive budget contains a general fund appropriation of \$10,000 in FY92 to conduct a peer review of the Local Government Services Audit Program. Under generally accepted auditing standards established by the Comptroller General, all organizations organization not affiliated with the organization being reviewed.

Weights and Measures Bureau

\$24,353 in FY93 to replace equipment required by the bureau for safety reasons and to meet its legislative mandates. The request will be offset by increased fees which are The executive hudget recommends general fund increases of \$59,386 in FY92 and deposited to the general fund.

Building Codes Bureau

The Building Codes Bureau budget increases \$191,424 in FY92 for vehicle replacement. The increase is funded with state special revenue.

Office of Indian Affairs Coordinator

program focuses on employment of minority construction firms in highway construction projects and is recommended to continue at a cost of \$53,000 each year of the 1993 which provides information and assistance to Native American construction firms. This In FY90 the Office of Indian Affairs received a grant to develop an outreach program nennum.

Board of Investments

A 1.00 FTE bond program specialist and \$22,560 in FY92 and \$22,509 in FY93 is recommended for the Board of Investments to provide technical assistance and support.

Montana Lottery

for on-line lottery games, advertisements, and other operational expenditures. In addition the executive budget recommends \$55,500 in FY93 to replace vehicles used by marketing The Montana State Lottery budget increases \$3,466,783 in FY92 and \$3,275,782 in FY93

The following language items are recommended for inclusion in the general appropriations

The department shall seek to recover the general fund expenditures plus interest at a rate of 10% from any settlement of the McCarty Farms civil suit.

implementing harness racing in Montana. The request meets the emergency provisions of 17-7-403, MCA. The Board of Horseracing may request a budget amendment for the cost of

The Board of Horseracing may request a budget amendment to implement the mandated federal requirements of regulation on Native American reservations. The request meets the emergency provisions of 17-7-403, MCA.

MCA, are less than the appropriation for district court reimbursement, the department shall reduce the reimbursement to equal the revenue generated. If the revenues deposited to the general fund through implementation of 61-3-509,

All income deposited to the science and technology development special revenue account in 90-3-305, MCA, is appropriated to the Montana Board of Science and Technology Development.

for such transactions according to applicable securities industries rules and regulations and Montana statutes. The board shall make a report to the 54th and sale of securities for products and services customarily provided by brokers The Board of Investments may use designated commissions paid on the purchase Legislature on the use of the designated commissions.

DEPARTMENT OF LABOR AND INDUSTRY

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	682.05	636.25	653.50	-15.00	638.50	653.50	-15.00	638.50
Personal Services	16,601,851.06	18,205,818	17,930,150	-417,605	17.512.545	17.912.219	-418.875	17,493,344
Operating Expenses	7,729,893.77	7,921,254	7,883,703	175,176	8,058,879	7,879,188	109,721	7,988,909
Equipment	473,770.85	459,958	459,877	-114,556	345,321	459,877	-159,968	299,909
Grants	10,639,951.42	19,079,531	12,250,718	2,286,987	14,537,705	12,250,718	2,573,600	14,824,318
Benefits and Claims	598,112.85	511,999	511,999	-88,775	423,224	511,999	-117,971	394,028
Total Agency Costs	\$36,043,579.95	\$46,178,560	\$39,036,447	\$1,841,227	\$40,877,674	\$39,014,001	\$1,986,507	\$41,000,508
General Fund	1,326,425.20	1,296,947	973,774	-274,041	699,733	974,420	-303,302	671.118
State Special Revenue Fund	2,928,126.98	2,905,819	2,880,174	358,396	3,238,570	2,883,092	350,639	3,233,731
Federal Special Revenue Fund	29,373,869.99	39,281,897	31,409,678	2,546,428	33,956,106	31,376,185	2,770,805	34,146,990
Proprietary Fund	2,415,157.78	2,693,897	3,772,821	-789,556	2,983,265	3,780,304	-831,635	2,948,669
Total Funding Costs	\$36,043,579.95	\$46,178,560	\$39,036,447	\$1,841,227	\$40,877,674	\$39,014,001	\$1,986,507	\$41,000,508
Job Service	11,966,021.36	12,466,905	11,652,923	295,753	11,948,676	11,641,726	259,798	11,901,524
Unemployment Insurance	3,531,316.11	3,646,432	3,430,580	444,678	3,875,258	3,413,126	416,343	3,829,469
Commissioner/centralized Serv	2,385,331.71	3,043,126	3,633,596	-789,850	2,843,746	3,641,041	-831,904	2,809,137
Employment Relations	2,662,041.26	2,717,455	2,752,741	170,763	2,923,504	2,754,690	136,970	2,891,660
Legal Services	745,632.73	701,597	794,360	50,270	844,630	793,479	51,234	844,713
Research, Safety And Training	3,315,622.10	3,988,180	3,657,134	-842,945	2,814,189	3,653,663	-845,031	2,808,632
Human Rights Commission	414,073.03	360,483	358,356	21,014	379,370	358,841	21,109	379,950
Workers Compensation Judge	314,915.49	330,381	332,099	18,497	350,596	332,850	18,255	351,105
Job Training Grants	10,669,451.16	18,924,001	12,424,658	2,473,047	14,897,705	12,424,585	2,759,733	15,184,318
Employment & Trng - Food Stamp	39,175.00	0	0	0	0	0	0	0
Total Program Costs	\$36,043,579.95	846,178,560	\$39,036,447	\$1,841,227	\$40,877,674	\$39,014,001	\$1,986,507	\$41,000,508

Agency Description

The mission of the Department of Labor and Industry is to promote the safety and wellbeing of workers, to foster the development of the state workforce, and to facilitate the resolution of labor disputes. The department provides and coordinates employment and training services, administers unemployment insurance, enforces state and federal labor standards, conducts strategic planning, and provides adjudicative services in labor management disputes.

The department is organized into nine programs: (1) the Job Service Division provides direct employment and training services, and provides intake services for the Unemployment Insurance program; (2) the Unemployment Insurance (UI) Division administers the unemployment insurance program; (3) the Commissioner-Centralized

Services Division provides management and administrative services; (4) the Employment Relations Division enforces statutory and administrative standards for labor relations and mediates disputes; (5) the Legal Services Division provides legal services for the department and performs administrative hearings regarding various employment issues; (6) the Research, Safety, and Training Division collects statistics and conducts research, enforces state and federal health-safety laws, provides consultative services regarding workplace safety, and administers for job training services; (7) the Human Rights Commission, administratively attached to the department, adjudicates disputes involving discrimination in employment, housing, and other areas; (8) the Workers' Compensation Court, administratively attached to the department, adjudicates disputes regarding workers' compensation and with injured workers insurance carriers, and employers; and (9) the Job Training Grants Program is a budgetary convention to account for grants administered by the department or funds which are merely passed through to other entities.

Reorganization of the Workers' Compensation Division

The executive budget reflects the reorganization of the old Workers' Compensation Division pursuant to SB428, implemented January 1, 1990, in which regulatory functions were transferred to the department. Transferred to the department were 71.25 FTE and approximately \$2.6 million per year in state special revenue authority funded from administrative assessments against workers' compensation insurance carriers, plus about \$500,000 per year in general fund for administration of silicosis and social security offset benefits.

Independent Administrative Entity for the Private Industry Councils

The federal Job Training Partnership Act (JTPA) authorizes funding for job training and related assistance to individuals who face barriers to employment. A portion of JTPA funds are under the policy oversight of the Job Training Coordinating Council (JTCC) whose members are appointed by the Governor. The remainder of JTPA funds are under the policy oversight of the Private Industry Councils (PICS), appointed by the Council of Commissioners. The department has served as the administrative entity for both the JTCC and the PICs until FY91 when the PICs chose to form an independent administrative entity, the Montana Job Training Partnership Inc. (MJTP). Due to the loss of the department's administrative duties for the PICs, the department budget is being reduced by 10.00 FTE and approximately \$870,000 per year in federal authority.

An anomaly caused by formation of the MJTP is to increase the department budget by about \$5 million per year in the Job Training Grants program. The department receives all JTPA funds from the federal government before an allotment is made to the MJTP. The department currently receives about \$5 million per year in subgrants to provide Job training services from funds controlled by the PICs. Prior to formation of the MJTP, when the department served as the administrative entity for the PICs, the amount of these subgrants was budgeted only once. With the establishment of the MJTP, these funds are transferred to the MJTP and, to the extent that the department is awarded subgrants, these funds are then transferred back to the department. Therefore, the funds now must be budgeted in the department twice-once when the initial JTPA grant is transferred to the MJTP and again when subgrants are awarded to the department by the MJTP. This "double appropriation" does not result in an increase in the size of department operations.

Expanded Federal Job Training Programs

The department budget is increased by 1.00 FTE and \$730,000 over the bicnnium in authority to administer job training services pursuant to the Trade Adjustment Act (TAA). Federal TAA grants provide job training services to workers dislocated by foreign trade. In the current bicnnium, budget amendments were necessary due to the sharp rise in the number of individuals eligible for TAA benefits. The spike in eligibility is primarily due to downturns in the oil and gas industry in the mid to late 1980s and a recent determination by the U.S. Department of Labor that workers in oil and gas satellite industries have been adversely affected by foreign trade.

The department budget is increased by 5.00 FTE and \$1,040,000 over the biennium in federal authority to administer job training services pursuant to the Economic Dislocation and Worker Adjustment Assistance Act (EDWAAA) which replaced the original Title III of JTPA in 1989. EDWAAA funds job training services to individuals dislocated due to technological change, reductions in force, plant closings, or changes in labor demands.

The department has seen a marked increase in Title III grants under EDWAAA due to greater federal appropriations and grant reallotments.

The original Title III of JTPA required a 25% state match, satisfied by an appropriation of \$360,000 per year from UI administrative tax revenues for the State Dislocated Worker Program. Job Training services under the State Dislocated Worker Program were provided by contracted program operators, budgeted for in the Job Training Grants program. The new Title III enacted under EDWAAA requires no state match. Therefore, the budget reflects a reduction of \$360,000 in UI administrative tax revenues from the base in the Job Training Grants program.

Job Training Contracts with Department of Social and Rehabilitative Services Implementation of the Job Opportunities and Basic Skills (JOBS) Program for AFDC recipients, Project Work Program (PWP) for General Assistance recipients, and the Food Stamp Job Search Program in the Department of Social and Rehabilitation Services (SRS) will affect the department budget. With the implementation of JOBS, the administration proposes to sunset the New Horizons and Day Care programs since federally funded programs in SRS will substantially replace these programs. Sunset of these programs unded from Ul administrative tax revenues. In addition, since SRS will have responsibility for administering the JOBS program, the department budget no longer reflects 4.00 FTE, \$196,000 per year in general fund authority, and \$2.3 million per year in federal authority which had been appropriated by the 51st Legislature for AFDC demonstration projects.

The executive budget proposes appropriations language which would permit the transfer of authority from SRS to the department for the purpose of providing job training services for AEDC, Food Stamp, and General Assistance recipients. Therefore, the department budget does not explicitly reflect authority for such program effort with the exception of state match for PWP contracts.

The sunset of the New Horizons, Day Care, and State Dislocated Worker programs will reduce appropriations from UI administrative tax revenues by approximately \$\$00,000 per year. The administration proposes to set aside \$360,000 per year to serve as the state matching requirements for PWP contracts. Federal authority is to be transferred from SRS to the department. Use of the UI administrative tax revenues in this way saves a like amount of general fund in SRS.

Deconsolidation of the Audit Bureau

Following the recommendation of a task force of business leaders in 1982, the department has provided consolidated audit services for Workers' Compensation, Unemployment Insurance, and the Uninsured Employers Fund. Effective October 1, 1990, the State Mutual Insurance Compensation Fund and the department have elected to deconsolidate the Audit Bureau and conduct separate audit activities in each program. The Audit Bureau budget of 23.00 FTE and \$820,000 per year is divided in the executive budget as follows: 40% to the State Fund; 50% to the UI Division; and 10% to the Employment Relations Division.

At the request of the Governor's Office, an interagency agreement was drafted to coordinate, to the fullest extent possible, the separate audit activities of each program. Participants include: the Department of Revenue (income tax withholding, workers' compensation payroll tax); the State Mutual Insurance Compensation Fund; the UI

Division; and the Employment Relations Division (uninsured employers fund). In lieu of a consolidated audit function, the interagency agreement is intended to minimize duplicate audits and burden to employers, facilitate sharing of audit information, and make the decentralized audit functions as efficient as possible.

Unemployment Insurance Collections

The administration is proposing to continue, with modifications, current law which permits appropriation of unemployment insurance penalty and interest monies for certain administrative purposes. The statutory language making these funds available for appropriation sunsets July 1, 1991. After July 1, 1991, penalty and interest funds must be deposited to the unemployment insurance trust fund. The administration's proposed legislation would permit penalty and interest funds to be used for program integrity activities only to the extent that the federal unemployment insurance grant is insufficient for such purposes. Fund balances would be required to be deposited to the trust fund at the end of each biennium.

The budget reflects an increase of 3.00 FTE and \$235,000 in federal authority to augment current collections activities in the UI Division. The department projects that an expanded collections effort would increase penalty and interest revenues by \$550,000 over the biennium which would help control rate increases on employers who diligently comply with their obligations under the law.

DEPARTMENT OF MILITARY AFFAIRS

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992	scal 1992	Base	Fiscal 1993 - Incr/Decr	Recommended
Full Time Equivalent Employees	97.75	97.85	97.75	00.	97.75	97.75	00.	97.75
Personal Services Operating Expenses Equipment Local Assistance Grants Benefits and Claims Total Agency Costs	2,346,682.65 2,476,197.43 10,418.84 37,157.75 763,180.64 2,280.00 \$5,635,917.31	2,607,056 2,357,397 0 195,593 2,000,000 2,280 \$7,162,326	2,605,240 2,307,217 0 2,000,000 2,280 \$6,914,737	5,667 457,858 0 0-1,000,000 <u>0</u> 8-536,475	2,610,907 2,765,075 0 0 1,000,000 2,280 \$6,378,262	2,607,111 2,305,621 0 2,000,000 2,280 \$6,915,012	5.656 340,998 0 0-1,000,000 0 8-653,346	2.612,767 2,646,619 0 0 1,000,000 2,280 \$6,261,666
General Fund State Special Revenue Fund Federal Special Revenue Fund Capital Projects Fund Total Funding Costs	1,981,153.11 0.00 3,635,147.10 19,617.10 \$5,635,917.31	2,266,895 12,000 4,883,431 0 \$7,162,326	2,044,157 12,000 4,858,580 0 86,914,737	195,318 0 -731,793 6-536,475	2,239,475 12,000 4,126,787 0 \$6,378,262	2,046,953 12,000 4,856,059 0 86,915,012	75,935 0 -729,281 0 6-653,346	2,122,888 12,000 4,126,778 0 56,261,666
Administration Army National Guard Air National Guard Disaster Coordination Response Emergency Mgmt Development Local Reimbursement-des Veterans Affairs Disaster Fund Total Program Costs	204,765.42 1,977,257.81 1,460,494.35 450,915.08 256,678.21 763,180.64 485,468.05 37,157.75 \$5,635,917.31	216,590 1,806,011 1,556,048 547,560 275,522 2,000,000 529,102 231,493 \$7,162,326	224,801 1,777,902 1,572,417 532,330 274,986 2,000,000 532,301 0	-1,269 434,326 29,556 715 -789 -1,000,000 986 0	223,532 2,212,228 1,601,973 533,045 274,197 1,000,000 533,287 0	223,379 1,783,353 1,570,151 531,424 274,724 2,000,000 531,981 0	-1,072 315,432 315,432 31,343 760 -794 -1,000,000 985 0	222,307 2,098,785 1,601,494 532,184 273,930 1,000,000 532,966 632,966

Agency Description

are further divided into programs for budgeting purposes, except for Veterans Affairs which is a single program administratively attached to the department. The department The Department of Military Affairs consists of three functional divisions: The Montana National Guard, Disaster and Emergency Services, and Veterans Affairs. These divisions is managed by the Adjutant General and his staff under the authority of 2-15-1202, MCA. The programs are listed and summarized below.

personnel administration, labor negotiations, and communication coordination.

2. The Army National Guard Program provides maintenance and operational support to The Administration Program staff provide policy making, administrative, and personnel support for department programs and coordination with the federal Army and Air National The program services include budgeting and accounting, purchasing, Guard units.

facilities and units of the Montana National Guard located throughout the state.

The Air National Guard Program provides facilities, maintenance, and fire protection support to the base at Great Falls. The Montana Air National Guard (MANG) provides The Disaster Coordination Response Program staff prepare and test all state emergency response and recovery plans. Support also is provided to county disaster coordinators through four district representatives. The program is responsible for administering state trained personnel and equipment in the event of a declared state emergency or disaster. and federal response to disasters beyond the scope of local government capabilities.

5. The Emergency Management Development Program provides supplemental support for shelter facilities, providing training on hazardous materials, radiological monitoring, and the preparation of emergency preparedness plans in addition to surveying emergency maintenance and distribution of radiological instruments.

6. The Local Reimbursement-DES Program provides for the receipt, recording, and disbursement of federal funds to eligible government entities and individuals. The Veterans Affairs Division is administratively attached to the department and implements policy determined by the Board of Veterans Affairs. The Board of Veterans Affairs consists of five members appointed by the Governor with the consent of the Senate. The division provides statewide service for veterans through eight field offices, primarily the disbursement of federal VA entitlement payments to veterans and their

8. The Disaster Fund has statutory appropriation authority under 10-3-311 and 312, MCA, for general fund expenditures of up to \$2,000,000 for emergencies and declared disasters.

families.

Budget Issues

Increases Over Base

FY93 for repair and maintenance of Army National Guard armories and facilities. Many of the armories were constructed prior to 1960 and are experiencing increased utilization Recommended general fund increases include \$221,000 in FY92 and \$103,000 in

due to reorganization of the Army Guard and additional federal employees.

2. Preventive maintenance needs for the real property at the Air Guard facilities in Great Falls results in an increase of \$28,000 each year for the Air National Guard Program. necessary to supplant the "repair by replacement" trend which is dependent upon the availability of substantial federal funding. However, 75% of the increase will be federally funded. Preventive maintenance is

3. An increase of about \$246,000 each year in federal spending authority is included in the Army National Guard Program. The increased funds will be used to support the training site operation used in the training of Montana guardsmen.

Other Issues

1. A \$1,000,000 per year reduction in the base federal authority for disaster and emergency grants is recommended based upon recent annual expenditure levels.

2. The state matching rate for federal Air Guard operations and maintenance funding will

increase from 20% to 25% effective at the beginning of FY92.

biennium to maximize the receipt of federal pensions and aid and attendance benefits for veterans and spouses who are nursing home residents. This effort will reduce Medicaid expenditures for services to eligible veterans/spouses during the current biennium and 3. The Veterans Affairs Division developed a statewide referral network during the 1991

4. The general fund portion of operating expenses in the Army National Guard Program decreases by about \$33,000 in FY92 and \$35,000 in FY93.

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	- Fiscal 1993 - Incr/Decr	Recommended
Full Time Equivalent Employees	880.08	924.72	920.72	-22.02	898.70	920.72	-19.77	900.05
Personal Services	20,277,380.41	24,046,169	24,158,313	-781,667	23,376,646	24,134,423	-719,095	23,415,328
Operating Expenses	13,326,446,99	15,948,845	15,827,243	4,528,004	20,355,247	15,811,420	2,457,949	18,269,369
Equipment	852,009,53	634,719	177,972	205,255	383,227	177,972	87,886	265,858
Local Assistance	11,168.70	35,000	35,000	0	35,000	35,000	0	35,000
Benefits and Claims	266,492,694.41	284,600,285	304,962,400	3,752,261	308,714,661	321,049,702	14,577,072	335,626,774
Transfers	1,176,714.49	1,097,449	0	0		0		
Total Agency Costs	\$302,136,414.53	\$326,362,467	\$345,160,928	\$7,703,853	\$352,864,781	\$361,208,517	\$16,403,812	\$377,612,329
General Fund	78,617,200.97	84,042,416	87,826,390	-1,972,464	85,853,926	92,163,021	1,264,915	93,427,936
State Special Revenue Fund	10,793,280.39	11,775,043	11,696,853	85,493	11,782,346	11,665,262	192,281	11,857,543
Federal Special Revenue Fund	211,822,856.24	229,254,195	244,315,594	8,774,001	253,089,595	256,062,277	14,161,160	270,223,437
Proprietary Fund	903,076.93	1,290,813	1,322,091	816,823	2,138,914	1,317,957	785,450	2,103,413
Total Funding Costs	\$302,136,414.53	\$326,362,467	\$345,160,928	\$7,703,853	\$352,864,781	\$361,208,517	\$16,403,812	\$377,612,329
Family Assistance	58,947,926.57	66,427,782	63,394,910	-2,858,886	60,536,024	61,787,050	-3,072,027	58,715,023
Eligibility Determination	8,866,823.68	9,802,046	9,888,280	-189,426	9,698,854	9,877,940	189,064	9,688,876
Administrative & Support Svs	2,383,909.42	2,657,987	2,615,937	-59,569	2,556,368	2,625,747	-64,624	2,561,123
Child Support Enforcement	2,606,310.69	3,719,783	3,774,103	380,064	4,154,167	3,761,503	386,160	4,147,663
State Assumed County Admin.	1,080,101.48	974,674	1,036,115	-31,999	1,004,116	1,038,002	-31,999	1,006,003
Medicard Services	187,490,458.99	196,605,477	217,736,133	3,464,558	221,200,691	235,430,002	12,688,671	248,118,673
Audit And Pro. Compliance Div.	1,248,839.59	1,405,520	1,379,629	6,353	1,385,982	1,379,864	6,392	1,386,256
Office Of Mgmt, Analy & Syst	5,119,229.46	7,085,746	7,414,152	2,577,127	9,991,279	7,394,182	863,158	8,257,340
Vocational Rehabilitation	8,003,216.69	8,513,400	8,484,437	-45,301	8,439,136	8,479,692	-80,450	8,399,242
Disability Determination	2,416,340.42	2,677,906	2,695,942	2,440	2,698,382	2,694,938	2,440	2,697,378
Visual Services Prgm	1,210,388,40	1,301,339	1,274,030	1,160	1,275,190	1,273,440	1,158	1,274,598
Developmental Disabilities	22,476,746.61	24,817,053	25,159,737	4,414,855	29,574,592	25,158,661	5,851,493	31,010,154
DD Planning & Advisory Council	286,122.53	373,754	307,523	42,477	350,000	307,496	42,504	350,000
Total Program Costs	\$302,136,414.53	\$326,362,467	\$345,160,928	\$7,703,853	\$352,864,781	\$361,208,517	\$16,403,812	\$377,612,329
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Agency Description

responsible for administering the majority of Montana human services programs. The department administers approximately 75 different programs providing a wide range of services to Montana citizens including Aid to Families with Dependent Children, Medicaid, General Assistance, Vocational Rehabilitation, community-based services to The Department of Social and Rehabilitation Services (SRS) is the state agency

persons with developmental disabilities, and Child Support Enforcement. In addition to the programs directly operated by SRS, there are two programs administratively attached: The Developmental Disabilities Planning and Advisory Council, and Telecommunications for the Handicapped. Each of these administratively-attached programs operates under a board appointed by the Governor. The focus and primary objective of all SRS programs is to maximize each individual's capacity for independence from government services. The majority of enabling legislation for the department is contained under Title 53, MCA.

During FY90, SRS initiated a department reorganization which was designed to more efficiently respond to and manage the rapidly changing requirements of state and federal mandates to reform welfare programs and to provide for health care cost containment. Two programs were created during the reorganization: an Office of Management, Analysis and Systems (OMAS) and the Child Support Enforcement Division (CSE). As a result of the reorganization a reduction of 9.99 FTE within the department was accomplished.

Budget Issues

Family Assistance Program Major elements of this program include Aid to Families with Dependent Children (AFDC), General Assistance (GA), Job Search, Weatherization, Low-Income Energy Assistance (LIEAP), Community Services Block Grant (CSBG) and Project Work (PWP) Programs. A reduction of 22.00 FTE below the FY91 authorized level is due to transfer among programs under reorganization (20.00 FTE), reorganization efficiency (1.00 FTE), and projected workload savings due to operation of The Economic Assistance Management System (TEAMS) which is the department computer eligibility and reporting system that will begin operating in the 1993 biennium (1.00 FTE). These personnel

changes result in a recommendation of 37.25 FTE in the 1993 biennium.

Included in the FY92-93 base is the continuation of SB128 which funded the general assistance PWP program during the 1991 biennium. The executive recommendation reduces the total PWP request to approximately 70% of the FY91 appropriation to reflect the decline in GA clients. A portion of the PWP effort will be contracted with the Department of Labor and industry (DOLI) as in the current biennium. General fund in the SRS budget is reduced by approximately \$286,000 per year. The same amount, from the unemployment insurance administration tax, is budgeted in DOLI to provide the required state matching funds for PWP efforts.

The budget recommendation for the Family Assistance Program contains several areas which deal with job search activities (PWP, JOBS, and Job Search) that may be totally or partially contracted with the Department of Labor and Industry. It is recommended that the general appropriations act include language allowing the transfer of appropriation authority between these departments, within the same fund types, when contracts and amounts are finalized during each fiscal year. The result of this recommendation would be that when a contract for service from the DOLI was made, the appropriation in SRS would be decreased and the appropriation in DOLI would be increased by a like amount, within each fund type. The total appropriated in each fund type by the legislature for provision of the service would remain the same.

A major reduction in the GA base program results from implementation of 1989 legislation. The legislation addressed eligibility for general assistance, placed limits on the length of eligibility, provided termination criteria, and included a revision of the general assistance Project Work Program. The following graph shows expenditures by month from FY88 through September 1990. This 100% general fund program is projected to decrease below the FY91 appropriation of \$5,024,600 by approximately \$2,445,000 each fiscal year.

GENERAL RELIEF MONTHLY EXPENDITURES Fiscal Years 1988 - 1991



Also included in the base is a caseload projection for AFDC which begins at approximately 9,500 cases per month in FY91 and is slightly reduced in each year of the 1993 biennium. The 1989 Legislature set the projected average monthly caseload for AFDC at 9,100 cases in FY90 and 9,000 cases in FY91. Actual FY90 average monthly caseload was 9,550. SRS projects caseload decreases in the 1993 biennium based upon the impacts of the JOBS program and implementation of TEAMS. The budget recommendation for AFDC holds the average payment to the FY91 average per case dollar amount.

Day care caseload and cost projections also have been increased within the base to approximately the FY90 actual expenditure of \$1,200,000. This item does not include transitional day care which is funded in the JOBS request.

A reduction in the job search base of \$653,000 each year in federal funds was made. This reduction reflects actual FY90 and projected FY91 expenditures. Some food stamp job search funds are separately budgeted in the PWP program.

1. Expansion of the Job Opportunities and Basic Skills (JOBS) Program begun during the 1991 biennium. JOBS became mandatory under the Family Support Act of 1988 (federal welfare reform) and the requirements of SB70 passed by the 1989 Legislature. Family Assistance Program increases recommended include:

The program received start-up funding during the 1989 session. The program is offered to AFDC recipients and includes a high school education or equivalency, basic and remedial education, English proficiency, job skills training, job readiness activities, job

search, job development and job placement, and other work activities, as well as day care and transitional day care benefits.

	ELI	T Family Ass Benefit Expendi	Table I Y Assistance Program Denditure Request by	ram by Fund			
Benefit	Actual Appropriated FY91	Gen	Recommended Fords	FY92 Total	General	Recommended Federal Funds	FY93 Total
AFDC .	\$38.218.044 \$37,196.518	8 \$9,734,217 0 2,580,000	\$27,068,11	\$36,802,332	\$9,185,824	\$25,794,466	\$34,980,290
Non-Resident GA GA Burials			000	33,000	33,000		33,000
Legal Services Community Services		no ono t		TOOT	זמה יחחד		ממח מחד
Block Grant Weatherization/DOE	1,079,235 1,060,664	\$ 8 0 0	1,060,664	2,4	00	1,060,664	1,060,664
LIEAP	7,3		7,388,100	7.	00	7,388,100	7,388,100
Training	143,773 157,500		157,500	157,500	00	157,500	157,500
Daycare		339,48		1,200,000	337,200	862,800	1,200,000
Job Search Relfare Perform Benefite	189,085 1,144,752	15.1	491,752	1.249.175	351.018	898,152	1.249.175
Homaless Grants			837	Sin.	0	81,000	81,000
Emergency Shelter Grant		6	170,	170,000	6	170,000	170,000
Project Mork Fgm (SB128) HBS63	632,136 1,887,500	0 0000000000000000000000000000000000000		1,037,321	001,100	0 44,000	1,637,321
WIN Demonstration	406,905	0		0	0	0	0
Total Current Benefits	\$56,031,114 \$62,682,938	8 \$13,652,097	\$41,243,205	\$54,895,302	\$13,099,050	\$39,974,210	\$53,073,260
Benefit Increases							
Food Stamp Job Srch Sup Statewide JOBS Pgm		43,750	1,787,001	43,750	43,750	1,787,001	43,750
Total Benefit Increases		897,117	1,787,001	2,684,118	897,117	1,787,001	2,684,118
Total Recommended Benefits					,		

Determination Eligibility rogram

\$55,757,378

\$56,031,114 \$62,682,938 \$14,549,214 \$43,030,206 \$57,579,420 \$13,996,167 \$41,761,211

Other Punds includes the county share in non-assumed counties.

Family Assistance Program

state-assumed counties are reduced and travel costs counties FY91 authorized levels. federal funds. 52% county assumed Services

eligibility determination staff in the county human services offices. This program contains the personal 0 funds and 48% approximately 52% general fund and 48% federal funds. FTE in Costs in non-assumed counties are Costs in statenon-assumed counties remain at FTE in

from the FY91 authorized level by 14.00 FTE, made up of 4.30 FTE transferred to other programs during reorganization, 2.00 FTE cut due to reorganization efficiencies, and 7.70 FTE reduced due to projected operational savings from TEAMS implementation in the 1993 biennium. These personnel changes result in a recommendation of 399.20 FTE each year of the 1993 biennium.

the CSE activity to a new program, thereby decreasing support services by 51.00 FTE. Other parts of the SRS reorganization resulted in a transfer of 16.20 FTE from this program and an additional 2.50 FTE were cut due to reorganization efficiencies. The personnel changes result in a recommendation of 50.50 FTE in the 1993 biennium. Funding for the program has been changed to reflect charges to the CSE program which were not included in the cost allocation plan developed during the 1989 Legislative child support enforcement (CSE) activities from the Department of Revenue to SRS. The CSE activity was placed in this program in HB100. The department reorganization moved Administrative and Support Services Program
This program includes the director's office, legal and personnel units, and support services such as accounting, mail, and other general services. The 1989 Legislature transferred Session and general fund has been reduced accordingly.

Child Support Enforcement

This program was begun under reorganization which moved it from the Administrative and Support Services Program. The 1989 Legislature approved 51.00 FTE for the program and allowed an expansion to 121.00 FTE in FY91 if the program could meet legislative performance criteria of collection of \$1.69 for each \$1.00 expended from its has expanded to the approved FY91 level of 121.00 FTE. During the department reorganization 5.00 FTE were moved to other programs which provide direct support to CSE, including fiscal and accounting (2.00 FTE), third party audits and collections (1.00 FTE), and computer system design (2.00 FTE). In general, 66% of the funding for this program is federal revenue and 34% of the funding is provided by the proprietary account which includes collections due to the state plus incentives provided by the federal performance standards, the 1987 audit corrective action plan, the federal welfare reform act, and Senate Bills 22, 42, 129, and 177 passed by the 1989 Legislature. The program proprietary account. This flexibility was allowed due to requirements of the federal audit government.

be utilized within the department as state match for related activities such as medicaid and the design and implementation of an automated tracking and monitoring system required by the Family Support Act of 1988 (federal welfare reform). The act requires the agency to submit a plan for such a system to the federal government by October 1, 1991, and to have an approved system by October 1, 1995. Under department reorganization, the Legislation will be introduced to allow additional receipts in the proprietary account to responsibility for this system, which has been named SEARCHS (System for Enforcement And Recovery of CHild Support), is placed in the Office of Management, Analysis and

which increased caseloads and require more thorough and timely processing of cases. Approximately \$753,000 is requested over the 1993 biennium. Funding for the increase is 66% federal revenue and 34% state child support proprietary fund. SRS estimates that the state portion of the revenue will be available. An increase in CSE is recommended to allow the program to contract privately for additional resources to ensure compliance with new 1989 and 1990 federal regulations

State Assumed County Administration

This program includes the majority of operating and equipment costs associated with administration of welfare programs in the 12 counties where the state has assumed responsibility for county welfare programs. No FTE are contained in this program. Under the reorganized structure of the department, funds have been transferred from this program to other programs which deal with a general relief computer entry and edit system and with monitoring and payment under the general medical program. No FTE are contained in this program,

Chapter 6, MCA, and the State Medical Program. Funding for the recommended program is a mixture of general fund, income from the 12 mill levy from state-assumed counties, Child Support Enforcement proprietary funds, and federal funds. This program administers a variety of activities designed to meet the medical needs of the state low-income population under Title XIX of the Social Security Act and Title 53,

Administration is carried out by a recommended staff level of 40,50 FTE. The FY91 approved staff level of 36,99 FTE was increased by 5.00 under the department reorganization and decreased by 1,49 FTE due to reorganization efficiencies for a net increase from the FY91 level of 3,51 FTE. Operating costs increase in the base due to containment targets which are in part mandated by the legislature. Administration expenses comprise approximately 2% of the budget for the Medicaid Services Program. additional utilization and review and screening contracts which are aimed at meeting cost-

standards. During the 1989 Legislative Session, three pieces of federal legislation - the Family Support Act of 1988 (federal welfare reform), the Medicare Catastrophic Coverage Act of 1988 (MCCA 88), and the Omnibus Budget Reconciliation Act of 1987 (OBRA 87) — were discussed. Each of these acts required increased expenditures in state medicaid services. Since the 1989 Legislature adjourned its regular session, two more federal laws, the Medicare Catastrophic Coverage Repeal Act of 1989 (MCCRA 1989) and the Omnibus Budget Reconciliation Act of 1989 (OBRA 89), have been enacted. These federal mandates add eligible individuals and services and reduce the state management flexibility in the program. The executive budget attempts to tailor a medical program for the state which will meet federal mandates and expand access to health care providers, especially for low-income pregnant women and young children. By significantly increasing preventive services through improved access to prenatal care for women and general health care for children, a substantial positive impact on long-term program also is budgeted in this program. Medicaid cost increases are driven in large part by federal mandates for provision of specific services and expansion of eligibility Benefits budgeted in the base of this program represent 60% of the total department base. The Medicaid benefits include primary care, nursing homes, institutions, medicare buy-in, elderly waiver, disabled waiver, and Indian health. The state-funded general medical medical costs is anticipated.

general fund matching dollars for youth in-patient and residential psychiatric services to the Department of Family Services (DFS). Because SRS is the state medicaid agency and DFS will have general fund medicaid matching funds, it is recommended that the general appropriations act include language allowing the transfer of appropriation authority between these departments, within the same fund types, when amounts are finalized during each fiscal year. The result of this recommendation would be that when a medicaid service is provided by SRS to a youth for which DFS has the state matching The budget recommendation for the Medicaid Services Program contains the transfer of

funds, the general fund appropriation in DFS would be decreased and the general fund appropriation in SRS would be increased by a like amount. The total appropriated by the egislature for provision of the service would remain the same. Caseload and expenditure growth projections have been included in the base in the nursing home, primary care, medicare buy-in, and state medical portions of the budget. The been included in the base. The primary care estimates included in the executive recommendation are based upon September 1990 month-end paid claims data and a model jointly established among the department, LFA, and OBPP. The primary care projections included in this budget are approximately \$25 million higher in FY92 and \$40 million medicaid eligibility be extended to pregnant women whose family income is less than downward for the effect of continuing cost containment, refunds, and state medical transfers to medicaid reduce these amounts by \$2.8 million in each fiscal year. medicare buy-in budget was reduced in the base to reflect actual FY90 expenditure patterns projected into the 1993 biennium. Projections of primary care for FY92-93 have higher in FY93 than the actual FY90 expenditure. A requirement of OBRA 89 that 133% of the federal poverty level and to children up to age six was effective April 1, 1990, and has been taken into account in the base primary care projections. Adjustments

Decreases to the base have been included as follows:

1. A significant reduction in the state medical program is proposed which will provide service in the 12 state-assumed counties more closely attuned to service provided in the

remaining 44 non-state-assumed counties. Savings from this initiative will be available to provide funding for the recommended program increases outlined below.

2. The base for nursing home expenditures was originally established by increasing the FY91 appropriation 4% per year. As additional data has become available, the actual FY90 bed-days are lower than anticipated by the 1989 Legislature. A decrease to the nursing home base to reflect this lower number of bed-days is recommended. Savings are available to assist in funding the recommended increase outlined below to re-base nursing

home medicaid rates.

The base contained federal funds for reimbursement of the medicaid share of the survey and certification activities of the Department of Health and Environmental Sciences (DHES). As of FY91, DHES has access to bill directly the federal government for these

costs. Therefore, the funds need no longer be appropriated in the SRS budget. DFS will utilize these funds, along with other current and increased funding in that department, to provide a continuum of care for youth psychiatric services through inpatient hospitals, residential facilities, and community-based therapeutic group and foster services to the Department of Family Services is recommended during the 1993 biennium.

care settings.

produce revenue slightly below the FY91 base in FY92 and above the FY91 base in FY93. General fund in the base would change a like amount. This revenue is budgeted in the medicaid primary care area.

6. Legislation will be introduced to allow a portion of the income generated for the state by the Child Support Enforcement Program to be used as state match for medicaid Revenue projections indicate that the 12-mill levy for state-assumed counties will

expenditures. The recommended budget includes approximately \$500,000 of such funding in the 1993 biennium for primary care.

7. Implementation in FY92 of The Economic Assistance Eligibility Management System

(TEAMS) computer system is projected to reduce medicaid expenditures below projections by approximately \$2.6 million in FY92 and \$3.1 million in FY93.

managed care system for the state medical program, and increased nursing home audits is proposed. The 1993 biennium cost of this recommendation is \$666,760 of which \$483,380 is general fund and the remainder is federal revenue. The following Medicaid Services Program increases are recommended: 1. An increase in the contracted services budget to include study of hospital rates, a

- FY92 cost of the increase is \$268,000. The program is operated by DHES under the authority provided by the Montana Initiative for the Abatement of Mortality in Infants 2. Extension of a FY91 budget amendment into FY92 for the Baby your Baby project which is contracted to DHES will match private donations with federal medicaid funds. (MIAMI) Act (HB773).
- nursing home residents who either choose to remain in a nursing home or move to a 3. Implementation of the OBRA 87 requirement of treatment for developmentally disabled community placement is recommended for FY93. Estimated cost of the program is \$644,600 general fund and \$762,470 federal revenue.
- and \$1,001,354 federal revenue. Income from the fee would be placed in the general fund, thus providing matching funds for a portion of the proposed rebased rate. The estimated cost of the provider increase to rebase rates is \$4.5 million general fund and \$11.4 million federal revenue over the 1993 biennium. 4. An increase in nursing home rates, paid under the Medicaid Program, to be partially offset by a \$1.00 per bed-day user fee is recommended. The fee would be implemented fund. The portion of this fee attributable to medicaid patients (approximately 62%) would be reimbursed through the rate structure to the facilities at a cost of \$391,350 general fund in FY93 and is projected to produce approximately \$2.2 million in revenue to the general
- 5. An expansion of the medicaid home and community-based waiver will provide home-based services to an additional 38 people during FY92 and an additional 12 people during FY93 for a total increase of 50 slots during the biennium. The estimated cost of this recommendation is \$175,000 general fund and \$446,000 federal revenue over the 1993 bjennium.
- 6. A 20% increase in dentist fees, for children only, is recommended. This increase will raise medicaid payments from 65.5% of charges to 79%. Cost of this recommendation is approximately \$122,000 general fund and \$312,000 federal revenue over the 1993
- as mandated by OBRA 89 is recommended. The general fund portion of the program is included in a recommended increase in the Department of Family Services budget. Approximately \$9 million in federal revenue is included in the SRS budget over the 1993 7. The federally-funded portion of the addition of residential youth psychiatric services
- 8. A medicaid rate increase to 90% of the average allowance of private insurers for obstetric services and to 80% for pediatric services is proposed. This increase will add approximately \$6.6 million to obstetric fees and \$3 million dollars to pediatric fees paid by medicaid in the 1993 biennium. Approximately \$2.7 million of the increase is general fund and \$6.9 million is federal revenue.

A mandate of OBRA 89 to provide medicaid to additional federally-qualified health An increase of clinics currently funded under the Public Health Act is recommended. An increase of \$130,000 over the biennium is included of which approximately \$36,500 is general fund.

10. A hospital rate increase to be effective in FY93 is included. Results of the study, to be undertaken in recommended increase number one above, will be utilized to set the

actual increase percentage. A figure of 5.62% was used to prepare recommended budget expenditures. Cost of the increase as recommended is approximately \$1.2 million general fund and \$3.1 million federal revenue.

11. Changes to the Early, Periodic Screening, Diagnosis and Treatment (EPSDT) Program which include case management services and an increase in the number of screenings are

approximately \$290,000 in FY92 and \$350,000 in FY93. Over the 1993 biennium, \$183,000 general fund and recommended and estimated to cost

\$457,000 federal revenue would be

required.

12. A provider increase for ambulance services to 90% of billed charges and Approximately \$278,500 general fund

is recommended in the 1993 biennium

1993 biennium

over the

at mileage rates equivalent to medicare is included and budgeted for \$988,000 58,144,559 9,899,939 5,697,000 2,8157,007 1,908,758 Total Funds 1,407,070 12,134,908 356,350 217,486 4,516,295 4,842,750 65,000 \$214,280,046 \$29,245,251 1,273,378 493,918 493,146 \$243,525,297 \$132,383,954 350,057 CSE revenue. 4,368, Recommended PY93 * Other Funds in Primary Care includes revenue for the state-assumed county 12-mill levy and a small amount of 41,805,938 762,470 8,726,392 256,216 156,372 4,516,295 3,481,937 46,735 3,140,787 251,691 355,127 354,572 Other 1,550,888 \$187,045,010 \$104,844,144 \$164,996,416 2,024,309 \$22,048,594 2,734,560 791,142 606,119 644,600 3,408,516 100,134 61,114 98,366 138,791 138,574 \$27,539,810 \$49,283,630 \$56,480,287 General 1,273,378 \$7,196,657 18,265 1,227,484 Fund 1,360,813 57,266,219 10,666,425 5,178,800 2,815,451 2,157,007 1,908,758 5,153,957 264,715 217,488 4,490,088 4,842,751 65,000 \$167,145,141 \$216,134,171 Benefit Expenditure Request by Fund \$199,823,421 493,918 Funds \$118,606,167 1,224,594 \$16,310,750 Total 289,783 Medicaid Services Program Recommended FY92 41,065,606 10,666,425 2,692,976 2,018,960 1,546,790 1,908,758 3,695,903 155,961 4,490,088 3,472,737 46,612 \$94,278,940 \$154,178,455 354,189 \$12,966,686 Other Funds 207,803 Table I 2,485,824 796,491 610,217 \$192,411,646 \$45,644,966 81,980 139,729 139,484 \$192,411,646 \$48,989,030 \$24,327,227 \$3,344,064 General 1,224,594 1,458,054 74,888 61,527 1,370,014 18,388 Fund 100.260,843 22,815,8818 21,155,861 21,155,651 21,558 21,558 21,558 261,558 Appropriated FY91 5101,354,301 Residential Youth Psych Match OB/GYN/PED Physician Rates Benefit Increases Recommended Target Case Mgmt Preg Women Ops EPSDT Case Mgmt/Screening Medicald Services Program Ambulance Provider Rate DHES Survey, HB304 Psych Services Total Benefit Increases Children Dental Rates Total Current Benefits OBRA 87 DD Treatment Nursing Home Rates Medicare Buy-In Disabled Waiver Waiver Expansion Homes Indian Health Primary Care Institutions Elder Waiver Health Clinics Hospital Rates State Medical Nursing Medicald Benefit

approximately \$986,000 over the 1993 high-risk pregnant women is estimated to require biennium, of which \$276,000 is general 13. Implementation of targeted case under for management services program medicaid fund.

OBRA 87, an increase is requested to nurse aide testing. The funds in this provide for state performance of testing for nurse aide training. SRS would certified by the Department of Health and Environmental Sciences, to conduct increase recommendation would pay the medicaid portion of the testing activity. Total cost over the 1993 with the general fund paying 50% of regulations on the implementation of the costs as a medicaid administrative In response to new federal contract with an outside person or firm biennium is estimated to be \$345,600, expense.

Audit and Program Compliance Program

This program conducts financial and compliance audits of several agency activities, provides federal quality control and state quality assurance reviews of public assistance cases, examines medicaid claims processing activities to ensure claims are properly paid, operates recovery activities related to public assistance overpayment and medicaid third party liability collections, provides recipient and provider fraud and abuse detection, administrative sanctions, and serening of fraud referrals for possible prosecution. The budget request is for 40.00 FTE which is a reduction of 2.00 FTE from the FY91 level. A personal services cost exception reduced 100 FTE and departmental reorganization efficiency reduces 1.00 FTE. No major changes from the FY91 appropriated level operating budget are requested. Federal funds of \$143,223 budgeted under benefits are transferred to the Department of Revenue for assistance in fraud investigation.

Office of Management, Analysis and Systems (OMAS)

This program was created in the departmental reorganization. The program centralizes department budget management, data processing, microcomputer systems, and the development of two major computer systems: The Economic Assistance Management System (TEAMS), which will provide automated eligibility determination and management reporting, and the System for Enforcement And Recovery of CHild Support (SEARCHS).

TEAMS is now expected to be implemented statewide by December 1, 1991. Pilot counties will be operating earlier. As the TEAMS project moves from development to implementation, the federal matching share will drop from 90% for development to 50% for operation. Benefits and cost savings from TEAMS are expected in the reduction of cligibility calculation errors, more effective recoupment of overpaid benefits, increased speed in case closure, increased efficiency in third party collections, and increased ability to assist in child support and enforcement of medical support requirements.

The SEARCHS computer project, which is mandated by the Family Support Act of 1988 to assist in tracking and finding parents who are required to provide child support, is currently in a planning and system definition phase. The department currently projects that a contractor can begin the process of transferring and modifying a system by July 1, 1991. If this schedule is met the system could be operational in late FY93. Federal funding for this system is provided at a 90% rate for development and installation and a food rate when operational. The executive budget recommends that funds from the child support collections and federal incentives placed in the CSE proprietary account be used as the state matching funds for the SEARCHS project.

Under the department reorganization 42.50 FTE from the FY91 level were placed in this program. A later reorganization moved 2.00 FTE associated with the HB614 Telecommunications for the Handicapped program to OMAS, and 1.00 FTE from OMAS to the Audit and Program Compliance Bureau which gives the program a FY91 FTE level of 43.50. The requested level of 37.25 FTE in FY92 and 37.00 FTE in FY93 represents a 1.00 FTE reduction each year for reorganization efficiency, a 5.25 FTE reduction in FY92, and a 5.50 FTE reduction in FY93 due to the TEAMS program being moved from design phase to implementation. Changes within the base reflect a department-wide reduction of 13.95 FTE in FY92 and 14.20 FTE in FY93 and additional cost savings in

OMAS Program increases recommended include the following:

1. TEAMS implementation increases general fund approximately \$439,000 each year of the biennium. The project is scheduled to be completely operational statewide in FY92. Funding for operation of the system will change from 90% federal to 50% federal when the system becomes operational.

2. SÉARCHS design, installation, and implementation is projected to be complete in the last quarter of FY93. This increase will fund the system design and installation at 90% federal funds and 10% CSE funds, and the operation for the last quarter of FY93 at 66% federal funds and 34% CSE funds. Total increase recommended is \$3.96 million in FY92 and \$1.57 million in FY93. State CSE funds requested are \$396,337 in FY92 and \$226,975 in FY93.

3. An increase of 1,00 FTE and a total of \$67,744 in FY92 and \$71,561 in FY93 have been included for the Telecommunications for the Handicapped program initiated by HB614 during the 1989 Legislative Session. Funding for the increase will be available within the state special revenue allocated to the program by HB614.

Vocational Rehabilitation (VR) Program

The VR program provides services to persons with physical or mental disabilities. Clients receive individual counseling and, with a counselor, prepare an individual plan of services. Plans can include counseling, training, job placement, medical assistance, or any other service which will help the person become employed. For persons not able to enter competitive employment, VR provides sheltered employment, supported employment, and independent living services. Under the department reorganization a FY91 level of 75.90 FTE was established. A 0.40 FTE reduction each year is made for doctors who have been paid through personal services in prior years and will now be compensated in contracted services. Scheduled completion of the Montana Supported Employment Demonstration (MSED) on October 1, 1991, will enable elimination of 1.50 FTE in FY92 and 2.00 FTE in FY93. Benefits provided under the VR program are budgeted in the FY92-93 base at the FY91 appropriated level. Funding approved by the 1989 Legislature in HB 100 included \$300,000 each year of the 1991 biennium from the Industrial Accident and Rehabilitation Program". The budget recommendation for FY92-93 continues this funding at the same level. In the Appropriations Report 1991 Biennium, legislative intent that "the Vocational Rehabilitation and Visual Services Programs be allowed flexibility in transferring benefits between programs" was outlined. It is recommended that similar language be included in the general appropriations act.

Two increases are recommended for vocational rehabilitation resulting from more Job Training Partnership Act (JTPA) funds being available:

1. A. \$5,000 per year increase in contracted services is requested for a Montana-based career information computer process to assist counseling and rehabilitation plan development for VR clients.

2. A \$25,000 per year increase is requested in JTPA benefits which will be used to increase job training services available to VR clients.

Disability Determination Program

This program provides activities to determine the disability of Montana citizens who apply for Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI).

Also processed are a small number of medically needy determinations for medicaid coverage. Under all programs the definition of disability and blindness are essentially defined as "inability to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or The FY91 reorganized level of 43.13 FTE has been reduced by 2.13 FTE each year of the coming biennium and the personal services funds are transferred to contracted services. The FTE were established to provide funds for medical doctors who perform examinations has lasted or can be expected to last for a continuous period of not less than 12 months.

required by the program to determine physical disability. In the 1993 biennium, the budget for examinations will be expended through contracts to physicians from the operating expenses portion of the budget. Funding for this program is 100% federal

Visual Services (VS) Program

Persons in the program receive individual counseling and develop an individual plan of services. The plan can include counseling and guidance, job placement, adaptive living techniques, training, medical assistance, and any other service which will help the person become employed. For persons not able to enter competitive employment, VS provides this 0.05 FTE are moved to contracted services. The change reflects medical doctors, who performed examinations for the program and were budgeted as FTE in prior years, now appropriated level. In the Appropriations Report 1991 Biennium, legislative intent that "the Vocational Rehabilitation and Visual Services Programs be allowed flexibility in transferring benefits between programs" was outlined. It is recommended that similar language be included in the general appropriations act. FY91 level of 18.80 FTE is reduced by 0.05 FTE in the FY92-93 budget. The funds for This program provides rehabilitation services to adults who are blind or visually impaired. sheltered employment, independent living, and visual medical services. The reorganized being budgeted in contracted services. Benefit costs are budgeted at the FY91

Developmental Disabilities (DD) Program

This program exists to assure provision of quality services to Montana citizens who have a developmental disability. An array of residential, vocational, child and family support, and other support services are provided throughout the state through contracts with local non-profit corporations. Individuals eligible to receive these services are persons with mental retardation, epilepsy, cerebral palsy, autism, or other related disorders that begin prior to the individual reaching eighteen years of age. The FY91 reorganized level of 36.25 FTE is reduced by 1.00 FTE each year in the FY92-93 base due to reorganization efficiencies. Benefits in the base are held at the FY91 appropriated level with the exception of the addition of \$651,303 each year to reflect the full 12-month cost of the SSSO which was approved by the 1989 Legislature. The SSSO was budgeted for seven months of operation in FY91. The base increase represents the additional five months

During FY90 the Governor appointed an interagency task force to review Montana plans for services to the developmentally disabled. This review was made urgent by the threat of loss of federal reimbursement to the general fund for operations of the Montana Developmental Center (MDC) and Eastmont Human Services Center (EHSC), plus successful court petitions of six MDC residents to be placed in less restrictive, community-based treatment environments. A result of the review was the plan to place

six individuals from MDC into a community-based setting under the ISB waiver in the DD program. Phase II was the placement of an additional 18 individuals from MDC into the HCB waiver program. Phase III was the provision of 30 of the 52 slots in the SSSO, which had been approved by the 1989 Legislature, for placement of additional inappropriately-placed residents of MDC and EHSC. Phase IV is presentation to the 1991 Legislature of continuing plans for modification of the entire Montana Developmental a number of individuals in more appropriate community-based settings under the medicaid Home and Community Based (HCB) waiver program. A four phase plan was established and, due to the imminent threat of loss of federal reimbursement and court cases, the first three phases were implemented during the 1991 biennium. Phase I was the placement of Disabilities Service System (MDDSS). The responsibility of the Developmental Disabilities Program of SRS in implementing the MDDSS is to provide the community-based placements for individuals under the medicaid HCB waiver.

Three program increases are requested in the DD Program to implement the Developmental Disabilities Service System plan:

1. Implementation of Phases I and II of the plan placed 24 individuals in community-based services under the medicaid HCB waiver. Staff of the DD program are increased by 2.00 FTE, operating and equipment expenses are included, and benefits for the provision of four group homes for six individuals each are included. Total cost of this request is \$1,156,821 in FY92 and \$1,153,368 in FY93.

construction, land purchase, and furnishings were higher than anticipated. Second, a levels for the first 10 years will exceed the SSI and state supplement income which is used to pay this expense. Total recommended cost is \$340,000 in the 1993 biennium, of 2. An increase to the base amount established for the SSSO (Phase III) by the 1989 Legislature is recommended. This is a result of two factors. First, actual costs of portion of the loan amount was placed on a 10-year repayment schedule versus the 20year schedule for the majority of the loan. Consequently, higher than anticipated payment which \$259,416 is general fund.

out-of-state placements, and waiting lists and be served under the medicaid HCB waiver program. Funding for the ten youth is included in the Department of Family Services budget increase request. Included in this SRS Phase IV recommendation are an increase of 3.00 FTE in FY92 and 6.00 FTE in FY93 along with associated operating and 3. Implementation of Phase IV requests that an additional 60 adults, comprised of 30 beginning in November 1991 from MDC, and an additional 30 beginning in November 1992 from the community waiting list, be placed in community-based settings under the medicaid HCB waiver program. Ten youth (five in FY92 and an additional five in FY93) would also be served in the community. The youth to be served would come from MDC, equipment expenses. This additional administrative expense will allow the program to manage the expansion of community-based services. Total funds requested for Phase IV are \$1,297,509 in FY92 and \$2,737,365 in FY93.

Additional increases recommended for the DD Program are as follows:

intervention and family support program for special-needs infants and toddlers ages birth to 36 months is recommended. The increase is 100% general fund and is requested at 4. An expansion of efforts under Part H of Public Law 99-457 which provides for an early \$1,141,686 each year.

5. An additional \$500,000 in 100% federal authority to take advantage of federal funds as individual eligibility changes occur or the medicaid HCB waiver program expands coverage also is recommended.

6. An additional \$86,000 in federal funds is requested to serve four youth who began

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FY90. General fund matching is provided from the base of the Department of Family Services. It is proposed that language allowing transfer of appropriation authority between DFS and SRS for this program be included in the general appropriations act. ecceiving services under the medicaid waiver and the Montana Youth Initiative (MYI) in

7. An increase from the FY91 appropriated level is requested for federal funds provided under the Chapter I grant funds from the Office of Public Instruction to the DD program. Services provided to developmentally disabled preschool children under this grant include speech and physical therapy, plus educational training and equipment. Total increase requested is \$90,000 federal revenue each year. This increase will allow use of carryover funds and increased awards above the base level.

Developmental Disabilities Planning Advisory Council (DDPAC)

for such projects as supported employment, public awareness, naive offender programs, and supported living. DDPAC funding is 100% federal and was appropriated for the minimum state grant award of \$300,000 each year during the 1991 biennium. DDPAC administers funds provided to the state through the Developmental Disabilities Act of 1984. The council maintains a three year plan for provision of services to persons with developmental disabilities. The council, through its grant program, provides funding

During FY91 the annual grant award from the federal government was increased to \$350,000 per year. Administrative costs may be 35% of the grant and benefits must be 65% of the grant. This increase in the annual state grant award will support the following

1. An increase is requested for administration of DDPAC of \$9,977 in FY92 and \$10,004 in FY93.

2. An increase in grants of \$32,500 each year is requested.

DEPARTMENT OF FAMILY SERVICES

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	scal 1992	Base	- Fiscal 1993 Incr/Decr R	Fiscal 1993Incr/Decr Recommended
Full Time Equivalent Employees	566.22	562.49	561.49	21.11	582.60	561.49	21.11	582.60
Personal Services	13,993,003.23	15,215,079	15,302,287	623,744	15,926,031	15,296,592	622,346	15,918,938
Operating Expenses	3,050,232.83	2,798,675	3,096,831	97,770	3,194,601	3,131,478	140,694	3,272,172
Equipment	43,700.88	54,934	48,066	45,654	93,720	48,066	26,059	74,125
Grants	5,182,890.15	5,776,584	5,338,060	109,573	5,447,633	5,338,060	46,933	5.384,993
Benefits and Claims	12,213,229.33	13,588,728	13,486,090	5,376,414	18,862,504	13,486,090	5,686,082	19,172,172
Total Agency Costs	\$34,483,056.42	\$37,434,000	\$37,271,334	\$6,253,155	\$43,524,489	\$37,300,286	\$6,522,114	\$43,822,400
General Fund	27 010 576 99	24 084 043	241 771 160	4 720 000	250,500,00	270 100 100	4 000 001	100 000 00
State Special Revenue Fund	2 279 588 42	2534 725	24,17,100	4,720,306	2,0,503,070	24,201,07,42	4,903,234	701,601,62
Federal Special Revenue Fund	10,192,941.01	10,814,332	10,569,209	1.545,088	12.114.297	10.568.451	1635 482	12,213,300
Total Funding Costs	\$34,483,056.42	\$37,434,000	\$37,271,334	\$6,253,155	\$43,524,489	\$37,300,286	\$6,522,114	\$43,822,400
Management Support	2,029,116.70	2,100,427	2,180,557	318,716	2,499,273	2,184,280	345,330	2.529.610
Community Services	26,928,747.35	29,420,317	29,101,118	5,873,156	34,974,274	29,102,134	6,109,574	35,211,708
Mountain View School	1,899,715.98	2,068,020	2,119,769	31,628	2,151,397	2,128,424	38,347	2,166,771
Pine Hills School	3,625,476.39	3,845,236	3,869,890	29,655	3,899,545	3,885,448	28,863	3,914,311
Total Program Costs	\$34,483,056.42	\$37,434,000	\$37,271,334	\$6,253,155	\$43,524,489	\$37,300,286	\$6,522,114	\$43,822,400

Agency Description

The Department of Family Services (DFS) was created in 1987. The department is responsible for services to children and youth, and provides community-based services to the elderly, developmentally disabled, and other populations who require social services. The department also provides protective services for youth and adults who are abused or neglected, aging services designed to enhance the self sufficiency and independence of the elderly, and administers the two state youth correctional institutions and the aftercare services for youth leaving youth correctional placements.

Budget Issues

Management Support Program

This program contains all central office functions of the department including management, planning, information systems, finance, and legal unit. Also included are aging services, audit, and staff training functions. The FY91 authorized staff level is 43.50 FTE and the recommended base level is 45.50 FTE as the result of 2.00 FTE moved from the

deposited to a state special revenue account. A base adjustment was made to reflect the payment of all DFS insurance and bonds in this program. Another base adjustment allows Community Services Program to this program. The base has been reduced by \$30,000 per year to more accurately reflect projected expenses and income in the adoption investigation area which is funded with income generated by the investigations and A base adjustment from aging benefits to operating expenses of approximately \$25,000 annually was made. an increase in printing costs to the FY90 actual level.

capability of the department. Pursuant to these recommendations, an increase of 5.00 FTE, comprised of 3.00 FTE management personnel and 2.00 FTE related to increased approximately \$87,000 of which is general fund, to provide progress toward a management information system also is recommended. A study of the department undertaken at the request of the Governor resulted in recommendations from the Human Services Sub-Cabinet to strengthen the management collection of federal funds and parental contributions is recommended in the 1993 biennium. Estimated cost of this increase is approximately \$216,000 general fund and \$159,000 federal revenue over the 1993 biennium. A biennial increase of \$100,000,

Community Servicess Program Community Servicess Program Criants and Benefits Community Servicess Program Criants and Benefits Community Services Program Criants and Benefits Control Other Total Central Cent				Table 1				
## Appropriated General Other Total Funds			Community Gran	Services Presents and Bene	ogram			
Appropriated Funds Fund Funds Funds Fund Funds Funds <th></th> <th></th> <th> Rec</th> <th>commended</th> <th>FY92</th> <th></th> <th>commended</th> <th>FY93</th>			Rec	commended	FY92		commended	FY93
\$5,362 \$5,362 \$0 \$5,362 \$0 \$5,362 \$5,362 \$0 \$0 15,000 15,		Appropriated	General	Other	Total	General	Other	Total
\$5.362 \$5,362 \$6 15,000 15,000 0 15,000 15,000 0 83,731 83,731 83,731 0 83,731 83,731 0 83,731 83,731 0 83,731 83,731 0 150,000 135,000 85,000 135,000 135,000 1 165,000 165,000 150,000 150,000 1 165,000 205,000 0 205,000 150,000 1 10,585 397,072 329,513 726,585 397,072 39,245 0 1,722,740 11,285,802 37,466 11,420 0 1,732,492 0 1,732	Benefit	FY91	Fund	Funds	Funds	Fund	Funds	Funds
15,000	Weet Vellawetone Dam	C45 240	65 367	0\$	C9E 58	C9E 5\$	0\$	285 362
83,731 0 83,731 0 83,731 0 83,731 0 83,731 0 83,731 220,000 135,000 85,000 220,000 135,000 85,000 220,000 15	Home Health	15.000	15.000	0	15,000	15,000	0	15,000
220,000 135,000 85,000 220,000 135,000 85,000 2 199,504 109,637 89,867 199,504 109,637 89,867 1 150,000 0 150,000 150,000 150,000 150,000 1 165,000 165,000 0 205,000 205,000 205,000 205,000 0 205,	Child Abuse & Neglect	83,731	0	83,731	83,731	0	83,731	83,731
199,504 109,637 89,867 199,504 109,637 89,867 190,000 150,000 150,000 150,000 150,000 150,000 150,000 150,000 165,000 165,000 0 150,000 165,000 0 150,000 165,000 0 150,000 165,000 0 150,000 0 150,000 165,000 0 150,000	Domestic Violence	220,000	135,000	85,000	220,000	135,000	85,000	220,000
150,000	Subsidized Adoption	199,504	109,637	89,867	199,504	109,637	89,867	199,504
165,000 165,	Refugee	150,000	0	150,000	150,000	0	150,000	150,000
205,000 205,000 0 205,000 0 205,000 0 205,000 0 205,000 0 205,000 0 205,000 0 205,000 0 205,000 0 205,000 0 205,000 0 205,885 397,072 329,513 726,585 397,072 329,513 726,585 397,072 329,513 726,585 397,072 329,513 7 30,245 0 914,954 914,954 914,954 0 91,740 0	Big Brothers & Sisters	165,000	165,000	0	165,000	165,000	0	165,000
mc 895,402 329,513 726,585 397,072 329,513 75 mc 895,402 914,954 0 914,954 914,954 0 94,954 0 914,954 0 94,954 0 95,402 97,954 0 914,954 0 97,246 4,722,547 640,620 4,086,516 4,727,136 643,246 4,094,390 4,7 11,285,802 9,766,387 3,973,725 13,740,112 9,843,437 4,028,725 13,8 39,245 0 61,420 61,420 0 81,420 0 14,20 61,420 61,420 61,420 61,420 61,420 0 14,20 13,240 0 14,20 0 14,20 0 11,20 0 11,20 0 11,20 0 11,20 0 11,20 0 11,20 0 11,20 0 11,20 0 11,20 0 11,20 0 11,20 0 11,20 0 11,20 0<	Alcohol & Drug Treatment	205,000	205,000	0	205,000	205,000	0	205,000
curity Income 895,402 914,954 0 914,954 914,954 0 95,402 4,752,547 640,620 4,086,516 4,727,136 643,246 4,094,390 4,7 11,285,802 9,766,387 3,973,725 13,740,112 9,843,437 4,028,725 13,8 6 13,245 0 39,245 0 39,245 0 61,420	Day Care	726,585	397,072	329,513	726,585	397,072	329,513	726,585
2)	Supplemental Security Income	895,402	914,954	0	914,954	914,954	0	914,954
2) 11,285,802 9,766,387 3,973,725 13,740,112 9,843,437 4,028,725 13,8 enefits 39,245 0 39,245 0 39,245 0 39,245 0 39,245 0 61,420 0 61,420 0 61,420 0 61,420 0 61,420 0 1,725,049\$\text{SIR}\text{804}\text{,598}\text{ \$\$12,354,032\$\text{\$\$8}\text{899}\text{,017}\text{\$\$21,025}\text{,032}\text{\$\$12,354,032\$\text{\$\$8}\text{\$\$99}\text{,017}\text{\$\$21,357,049\$\text{\$\$12,357,049}\text{\$\$12,3249}\text{\$\$11,732,492} \text{\$\$11,732,492} \text{\$\$11,937} \text{\$\$11,937} \text{\$\$92,800} \text{\$\$21,700,33} \text{\$\$13,66} \text{\$\$21,102,602} \text{\$\$595,4,36} \text{\$\$11,732,602} \text{\$\$595,4,36} \text{\$\$11,732,602,36,36,37,37,37,310,137,314,603,997,351,2583,24,35} \text{\$\$11,732,472} \text{\$\$11,732,472} \text{\$\$11,732,602,36,36,37,37,310,137,314,603,997,351,2583,24,35} \text{\$\$11,732,602,36,37,37,310,137,314,603,997,351,2583,24,35} \text{\$\$11,722,722,722} \text{\$\$11,722,722} \$\$11,7	Aging Benefits	4,752,547	640,620	4,086,516	4,727,136	643,246		4,737,636
ing 39,245 0 39,245 0 39,245 enefits 51,420 0 61,420 0 61,420 0 61,420 in Services 1,732,492 0 1,732,492 1,732,492 1,732,492 0<	Foster Care (1) (2)	11,285,802	9,766,387	3,973,725	13,740,112	9,843,437	4,028,725	13,872,162
enefits	Independent Living	39,245	0	39,245	39,245	0	39,245	39,245
t Services I. 732,492 I. 732,492 II SSI SSI Child Placement A 2,435 II (19,740 B 4,300 B 4,30	Children's Trust	61,420	0		61,420	0		61,420
t Services 1,732,492 0 1,732,492 1,726,270 0 1,732,492 1,726,270 0 1,732,492 1,726,270 0 1,732,492 1,726,270 0 1,732,492 19,740 19,740 19,740 19,740 215,700 215,700 216,700 216,700 216,700 217,700 218,700	Total Current Benefits	\$18,804,398	\$12,354,032	\$8,899,017	\$21,253,049	\$12,433,708	\$8,961,891	\$21,395,599
t Services II SSI SSI Child Placement A 2,435 I 9,740 Child Placement A 2,435 I 19,740 B 4,300 B 4,30	Done fit and a second							
rement 19,740 0 27,072 27,072 0 0 19,740 53,580 0 0 19,740 53,580 0 0 19,740 53,580 0 0 19,740 53,580 0 0 19,740 53,580 0 0 15,700 3 1,466 37,466 0 37,466 0 37,466 0 37,466 0 37,466 0 24,378	Youth Treatment Services		1.732.492	0	1.732.492	1.726.270	0	1,726,270
Placement 19,740 0 19,740 53,580 0 15,700 34,435 107,565 150,000 84,300 215,700 3 15,700 37,466 0 37,518 0 37,466 0 37,518 0 37,5	MDC Phase I & II SSI		27,072	0	27,072	27,072	0	27,072
42,435 107,565 150,000 84,300 215,700 3 280,863 711,937 992,800 278,977 713,823 9 0 37,466 37,466 0 37,466 0 37,466 0 37,466 0 24,378	MDC Phase IV SSI		19,740	0	19,740	53,580	0	53,580
18 280,863 711,937 992,800 278,977 713,823 9 37,466 0 37,466 0 37,466 0 37,466 0 24,378	MDC Phase IV Child Placement		42,435	107,565	150,000	84,300	215,700	300,000
\$7,466 0 37,466 0 24,346 0 24,378 0 24,378	Native American IV-E Agreements	20	280,863	711.937	992,800	278,977	713,823	992,800
\$2,102,602 \$954,486 \$3,057,088 \$2,170,199 \$991,367 \$3,1 \$18,804,598 \$14,456,634\$9,853,303 \$24,310,137 \$14,603,907 \$9,953,258\$24,5	Children's Justice Act BA		0	37,466	37,466	0	37,466	37,466
\$2,102,602 \$954,486 \$3,057,088 \$2,170,199 \$991,367 \$18,804,598 \$14,456,634\$9,853,503\$24,310,137\$14,603,907\$9,953,258\$	Post Adoption Center BA		0	97,518	97,518	0	24,378	24,378
	Total Benefit Increases		\$2,102,602	\$954,486	\$3,057,088	\$2,170,199	\$991,367	\$3,161,566
	Recommended Grants & Benefits							
	Community Services Program	\$18,804,598	\$14,456,634	\$9,853,503	\$24,310,137	\$14,603.907	\$9,953,258	\$24,557,165

(1) FY92-93 includes transfer of in-patient youth psych base general fund from SRS (2) Other Funds includes the county share in non-assumed counties.

Community Services Program

Services to children include protective idoption, drug and alcohol treatment, and coordination with youth courts. Services to adults ay care referral, and health and nutrition The program also individuals living in community-based The FY91 authorized staff level is 334.45 TE and the requested base level is 332.45 FTE as he result of 2.00 FTE moved from this program to he Management Support Program. Base funding in he Youth Evaluation and Aftercare programs has een adjusted to FY90 actual food costs plus inflation This program provides services to children, adults, ind senior citizens to ensure their health, welfare, and ervices, foster care, protective day care, independent iving, assistance to big brother big sister programs, nclude spouse abuse counseling, protective services, nformation. Services to senior citizens include meal programs, transportation, senior center funding, inncludes case management for developmentally treatment, alcohol iome services, and advocacy. individuals living or food expenses. isabled ettings. afety.

Funding of foster care has been changed to reflect the lepartment effort to replace general fund with idditional collection of federal Title IV-E foster care evenue and additional parental contributions during 825,000 from these two sources have been budgeted egislation to streamline and increase efforts to collect The department will submit ayment for services to youth whose parents are Additional collections of inancially able to contribute support. 1993 biennium. or the biennium.

approximately \$5 million general fund over the dennium to reflect the movement of base matching fund CSS unds for the in-patient youth psychiatric program reviously managed in the Department of Social and Rehabilitation Services (SRS) where the matching The reduction from current level results eview effort which was initiated in FY91 by SRS hrough a contract. The SRS utilization and review contract is recommended to continue in the 1993 rom projections developed by a utilization needed to provide current level services represents the estimate of general ederal funds will continue to be budgeted. 5800,000. biennium. mount

Continuation of the contract in SRS during the 1993 bicnnium is projected to provide some additional savings. A portion of these savings and a portion of the funds outlined below in the recommended increase for residential youth psychiatric programs will be used by DFS to develop a continuum of services for youth psychiatric programs, including community-based alternatives to in-patient care. Because SRS is the state medicaid agency and DFS will have general fund medicaid matching funds, it is recommended that the general appropriations act include language allowing the transfer of appropriation authority between these departments, within the same fund types, when amounts are finalized during each fiscal year. The result of this recommendation would be that when a medicaid service is provided by SRS to a youth for which DFS has the state matching funds, and appropriation in DFS would be decreased and an appropriation in SRS would be increased by a like amount. The total appropriated by the legislature for provision of the service would remain the same.

The following increases are recommended for the Community Services Program:

- 1. In response to recommendations of the Human Services Sub-Cabinet for improving the DFS ability to provide service, an increase of 8.00 FTE social workers is recommended and an increase of \$40,000 over the biennium is recommended to provide new and replacement equipment for the field staff. These recommendations cost approximately \$506,000 general fund and \$159,000 federal revenue over the 1993 biennium.
- 2. An increase is recommended of approximately \$3.5 million general fund over the biennium for residential youth psychiatric services. This recommendation will provide for a continuum of care and allow implementation of community-based alternative programs for youth psychiatric care. Included in this recommendation is 1.00 FTE for management of the program. Any additional staff resources will be provided from the
- 3. A projected annual increase of 250 Native American children served under the foster care provisions of Title IV-E of the Social Security Act is anticipated. The provisions of Title IV-E require each state to provide foster care services to all eligible individuals regardless of location. To comply with this requirement, agreements with each reservation as outlined in Title 18, Chapter 11, MCA, are being negotiated and are expected to be in biennium with funding provided at the federal matching assistance payment rate of approximately 28% general fund and 72% federal revenue. force for the 1993 biennium. Estimated cost of the increase is \$1,985,600 over the 1993

Four increases recommended in this program are the result of the Developmental Disabilities Service System Plan (DDS\$P) discussed in the Developmental Disabilities Program of the Department of Social and Rehabilitation Services portion of the budget.

community-based programs operated under the Medicaid Home and Community-Based Waiver. DFS is the agency which manages Supplemental Security Income (\$SI) for persons placed in community-based programs. Currently the state general fund pays \$94 per month toward the room and board of these individuals. The increase under Phases I and II is \$54,144 over the biennium. 4. The DDSSP included, in Phases I and II, movement of 24 individuals to the

- 5. SSI for additional developmentally disabled clients moving from institutional care or the waiting list to community-based services under the Phase IV portion of the DDSSP is estimated to cost \$73,320 general fund over the coming biennium.
- settings in FY92 and an additional five children in FY93. Estimated cost of this placement is \$30,000 per child, which will be funded under the Medicaid Waiver Program at approximately 28% general fund and 72% federal revenue. Total cost of these placements is \$450,000 in the 1993 biennium. Included in the Phase IV DDSSP is the placement of five children in community-based
- costs is recommended, along with approximately \$9,500 per year in training funds. A 1993 biennium total of \$165,242 is added by this recommended increase. Funding of the recommendation, exclusive of the training request of \$19,000 general fund, is at the federal matching assistance payment rate of approximately 28% general fund and 72% 7. DFS has case management responsibility for all developmentally disabled clients placed in the community-based programs. Implementation of the DDSSP will, over the biennium, add 94 clients to the responsibility of the department above the FY91 appropriated levels. An increase of 2.75 FTE and associated operating and equipment federal revenue.

Increases also are recommended for continuation of federal grants for two programs:

- abuse cases. DFS has identified training as a high priority need and the funds are budgeted to provide training for field staff in this area. The estimated federal revenue available is \$74,932 over the biennium. 8. The Child Justice Act is intended to assist states in provision of services in sexual
- 9. A two-year grant to DFS to continue the Post Adoption Center with federal revenue was approved by the federal government for FFY91 and FFY92. Continuation of these funds adds \$121,896 over the 1993 biennium.

Mountain View School

Mountain View School (MVS) is responsible for proper diagnosis, evaluation, and treatment of delinquent girls between the ages of 10 and 19 who have been committed to the DFS and sent to the school. Program emphasis is on treatment and rehabilitation that will enable youth to remain free of the adult criminal justice system. The school is required by law to provide its students with academic and vocational training, equivalent to that provided in the public schools, which conforms to standards set by the Board of Public Education. The base of 65.77 FTE continues the FY91 authorized level. Adjustments to base have been made for inflation in food costs and medical expenses. An increase of 1,00 FTE cottage life attendant and 0.36 FTE foreign language teacher required to meet school accreditation standards is recommended. Total cost of this increase is approximately \$70,000 general fund over the 1993 biennium.

Pine Hills School (PHS) is responsible for care, evaluation, treatment and custody of juvenile boys between the ages of 10 and 19 who have been referred by court order to the

DFS. The school provides service to the indicated needs of low, medium, and high risk delinquent youth who have committed an offense that would be considered a felony if

committed by an adult. PHS is required by law to provide its students with the academic and vocational training, equivalent to that taught in the public schools, which conforms to standards set by the Board of Public Education. The base of 117.77 FTE is 1.00 FTE below the FY91 authorized level due to a personal services cost exception approved in FY90 allowing contracting for alcohol counseling services. Increases to base have been made for food and medical expenses inflation and a decrease has been made for utilities. Funding adjustments were made to federal boarder reimbursement and state lands interest and income accounts.

Two increases are recommended for Pine Hills School:

- 1. An increase of 3.00 FTE cottage life attendants is recommended in the 1993 biennium at an approximate general fund cost of \$126,000. This increase will allow the school to better allocate resources to serve the changing youth population assigned to the program.
- 2. Implementation of an industries section in the Vocational Education Program to enable students in drafting, welding, and woods curricula to gain additional experience through their studies is recommended. It is planned that industries projects will generate modest sales income to be deposited in an account from which payments for materials and students would be made. The program is recommended to be included at a \$12,000 level over the biennium. A typical project could be provision of picnic tables to the Department of Fish, Wildlife and Parks for use in the state parks.



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